

U.S. Department of Housing and Urban Development

DRAFT
Processes and Procedures
For
Contract Administration of
Project Based Section 8 Housing

FEBRUARY 2000



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1. INTRODUCTION

This document is intended to provide guidance for Contract Administrators (CAs) and the U.S. Department of Housing and Urban Development (HUD) Multifamily Staff as they transition into the HUD Section 8 Housing Assistance Payment (HAP) Contract Administration Program. This document provides a detailed description of the mega-processes involved in Section 8 HAP contract administration and is intended to assist the CAs in the effective administration and oversight of the HAP contracts for their assigned projects.

The mega-processes involved in Section 8 HAP contract administration are presented in three different categories, according to their relationship to HAP contract administration: Contract Management; Financial Management; and Project Servicing. Section 2.1, Contract Management, presents processes related to the HAP contract itself, including: contract renewals; combining contracts; contract terminations; and, rental adjustments. Section 2.2, Financial Management, presents processes related to the financial management aspects of administering a HAP contract, including: voucher processing and budgets and requisitions. Section 2.3, Project Servicing, presents processes related to the housing projects themselves, including: management reviews; physical inspection follow-ups; responses to resident and community inquiries; and the tenant income verification process.

The documentation of these processes was developed by using the existing current state HAP contract administration processes and procedures employed by HUD and enhancing the processes based on the new role of the Contract Administrators. Within this document, each contract administration process is outlined in three formats: a process flowchart; a task matrix; and a process matrix that compares the current state process to the future state process. The process flowcharts present a general visual overview of each process in a concise format. The task matrices present the responsibilities of each key participant within a process with an emphasis on timing and sequence. The process matrices present each of the chronological steps in the HAP contract administration processes and compares them to the steps in the current state HAP contract administration process.

This processes and procedures document identifies programmatic transition issues that may arise as a result of the shift to Contract Administrators. Additionally, the process documents provide the reader with appropriate citations for informational resources, including HUD Handbooks, Notices, and Forms.

Please note that as of February 18, 2000, this document should still be considered a Department draft.

-Section 8 Contract Administration Implementation Team



2. HAP CONTRACT ADMINISTRATION BUSINESS PROCESSES



2.1 CONTRACT MANAGEMENT



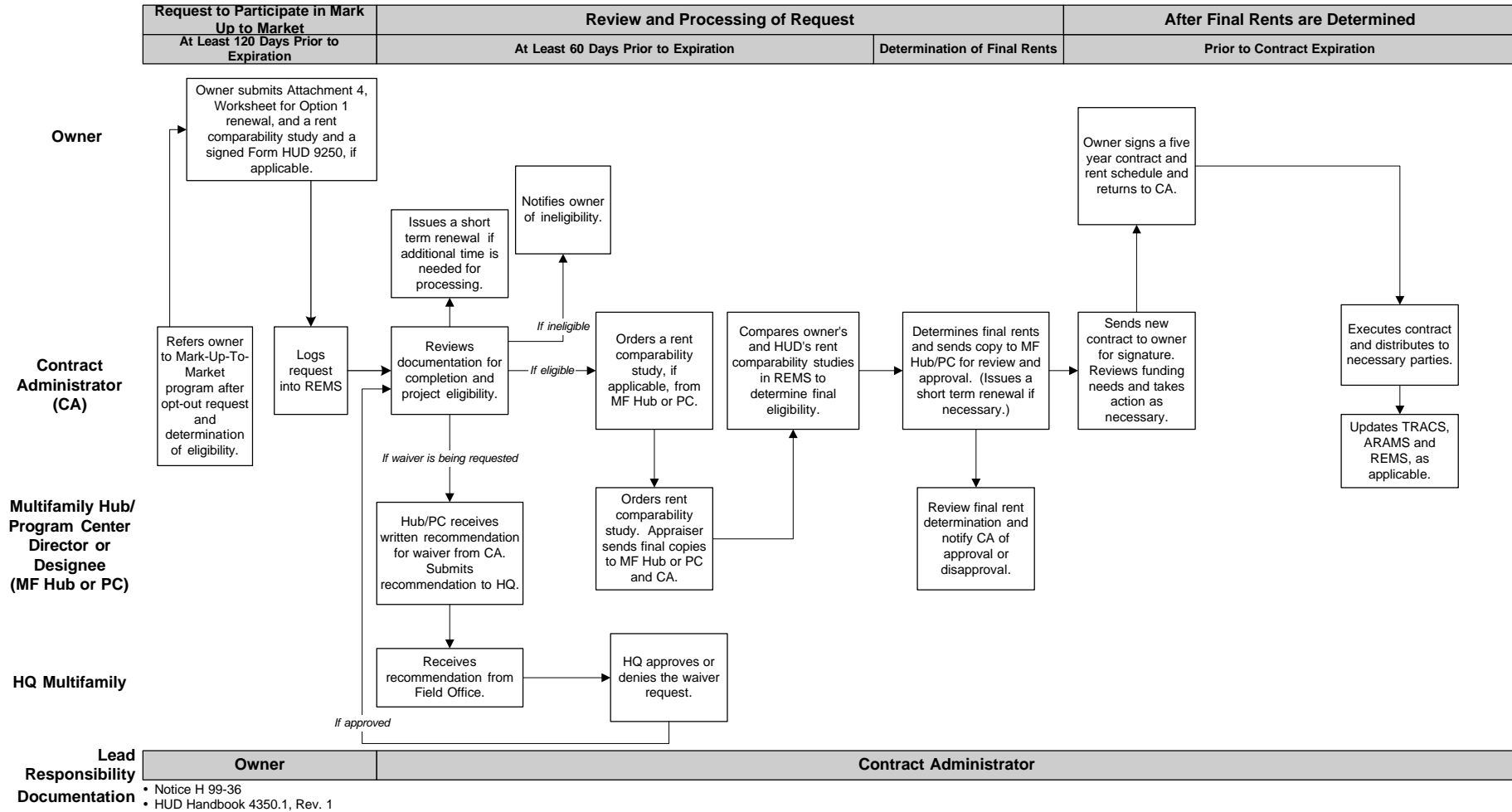
2.1 CONTRACT MANAGEMENT

2.1.1 *OPTION 1 CONTRACT RENEWAL: MARK-UP-TO-MARKET*



2.1.1.1 Future State Option 1 Contract Renewal Process Flow Chart

HUD HAP Contract Management: Option 1 Contract Renewal: Mark Up to Market Process



Transition Issues



2.1.1.2 *Future State Option 1 Contract Renewal Task Matrix*



2.1.1.2

Option 1 Contract Renewal Process

Task Matrix

OWNER

TIMELINE	TASK	TEAM
120 Days Prior to Contract Expiration	Submits Attachment 4, worksheet for Option 1, a rent comparability study (RCS), and a signed Form HUD 9250, if applicable, to the CA.	Contract Administrator
Third Party Rent Comparability Study is Completed	No appeals are allowed, owner accepts renewal as processed or pursues other options identified in Notice H 99-36.	
Approved New Rents	Receives 5 year contract and rent schedule, signs and returns to CA.	Contract Administrator

CONTRACT ADMINISTRATOR (CA)

TIMELINE	TASK	TEAM
Prior to Owner Request	May refer owner to Mark-Up-To-Market Program if opt-out is selected and eligibility is determined.	Owner
Upon Receipt of Owner Request	Logs into REMS.	
	Reviews documentation for completion and eligibility.	
In cases of Owner request for a waiver	Sends waiver request to MF Hub/PC.	
If waiver is approved	Continues with review process.	
	Assures that documentation is complete and that the project is eligible. Reviews and processes the request and calculates rents in accordance with Notice H 99-36.	
	Issues a short term HAPC renewal if additional time is needed for processing.	
	If owner comparable gross rent potential is at or above 110% of FMR potential, CA orders a HUD or third party RCS through the MF Hub/PC.	MF Hub/PC
Third Party Rent Comparability Study is Completed	Compares Owner and HUD rent comparability studies via REMS to determine final eligibility.	
Approved New Rents	Forwards to HUD for review and approval of final rents.	



2.1.1.2

Option 1 Contract Renewal Process

Task Matrix

CONTRACT ADMINISTRATOR (CA)

TIMELINE	TASK	TEAM
Upon Receipt of Signed Contract From Owner	Executes contract and distributes copies to necessary parties. Updates ARAMS, TRACS and REMS, as applicable.	

MULTIFAMILY HUB/PROGRAM CENTER (MF HUB/PC)

TIMELINE	TASK	TEAM
After Receipt of waiver request from CA.	Reviews waiver recommendation from CA. Forwards to Multifamily HQ.	Contract Administrator Multifamily HQ
Upon Request for Rent Comparability Study	Order rent comparability study.	
Following CA Determination of New Rent Levels	Reviews final rents and notifies CA of approval or disapproval.	Contract Administrator

MULTIFAMILY HEADQUARTERS (MF HQ)

TIMELINE	TASK	TEAM
After Receipt of waiver recommendation from Field Office	Approves or denies waiver if applicable. Notifies CA of approval/disapproval.	Contract Administrator



2.1.1.3 *Current and Future State Option 1 Contract Renewal Process Matrix*



2.1.1.3 Current and Future State Option 1 Contract Renewal Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
<p>1. Ninety (90) days prior to rental contract expiration, the owner must submit a request to the HUD Multi-family Hub to be considered under the “Emergency Initiative.” The owner must also submit a rent comparability study and a request for renewal.</p> <p>The owner is deemed to be eligible for a rental increase if the subject property does not fall into one of the following categories:</p> <ul style="list-style-type: none">-Property has a low income restriction that does not end with the expiration of the S8 contract.-The owner is subject to sanctions or debarment.-The property is a mod-rehab project.-The property has a REAC score of less than 60.-The mortgagor of the property is a not-for-profit.-The project does not have a contract that is expiring.-The owner has previously provided notice of intent to	Owner	<p><u>Current State:</u> At least 120 Days Prior to Contract Expiration</p> <p><u>Future State:</u> At Least 120 Days Prior to Contract Expiration</p>	<p>1. The owner submits Attachment 4, the worksheet for Option 1, a rent comparability study (RCS), and a signed Form HUD 9250, if applicable, to the CA.</p> <p>Under Notice H 99-36, eligible projects must have:</p> <ul style="list-style-type: none">• A REAC score of 60+ with no uncorrected EH&S;• For profit or limited ownership status;• Comparable market rents at or above 110% of FMR;• No low or moderate use restrictions. <p>HUD has the authority to mark rents up to market to facilitate a change in ownership from a for or limited profit to a non profit or non profit to non-profit - see Notice H 99-36 for additional guidance.</p>	Owner	



2.1.1.3 Current and Future State Option 1 Contract Renewal Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
<p>opt-out and tenant vouchers have already been issued.</p> <p>HUD REFERENCE MATERIALS: Notice 99-15, 98-34, 99-08, Section 524 of MAHRA, Handbook 4350.</p>					
<p>2. After receiving the owner's request, the PM logs it into REMS.</p>	<p>HUD Hub/PC Project Manager</p>	<p>At least 60 days prior to expiration</p>	<p>2. The CA logs owner request into REMS.</p>	<p>Contract Administrator</p>	
<p>3. Once an owner makes a request, a property will be considered if all eligibility requirements are met and the comparable gross rent potential falls between 110% and 150% of gross Fair Market Rent (FMR) potential.</p> <p>HUD REFERENCE MATERIALS: Section III of 99-15 Section IV, Paragraph D</p>	<p>HUD Hub/PC Project Manager</p>	<p>At least 60 days prior to expiration</p>	<p>3. A property will be considered if all eligibility requirements are met and the comparable gross rent potential falls between 110% and 150% of gross Fair Market Rent (FMR) potential.</p> <p>If property is not eligible, the CA notifies owner in writing.</p>	<p>Contract Administrator</p>	
<p>4. If the rents from a subject property are less than 110% of FMR potential, a waiver will be needed for the property to participate in the Mark-Up-to-Market program. In this case, the HUD Hub Director must</p>	<p>HUD Hub/PC Project Manager</p>	<p>At least 60 days prior to expiration</p>	<p>4. If the rents from a subject property are less than 110% of FMR potential, a waiver will be needed for the property to participate in the Mark-Up-to-Market program. In this case, the CA must submit a written</p>		



2.1.1.3 Current and Future State Option 1 Contract Renewal Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
submit a written recommendation for the waiver to Multifamily HQ.			recommendation for a waiver to the Hub/PC, who will submit to HQ for approval.		
5. After receiving the waiver request from HUD, Multifamily Headquarters must approve or deny the request.	HQ Multifamily	At least 60 days prior to expiration	5. After receiving the waiver request from the Hub/PC, Multifamily Headquarters must approve or deny the request.	HQ Multifamily	
6. If additional time is needed for processing the HUD PM must issue a short-term contract renewal. Use 524 (a)(1) contracts at current rents, which may be terminated early if necessary.	HUD Hub/PC Project Manager	At least 60 days prior to expiration	6. If additional time is needed for processing the CA must issue a short-term contract renewal.	Contract Administrator	
7. If gross rent potential comparables for an owner's property are at or above 110% of FMR potential, the HUD Hub must secure funding and orders a third party rent comparability study from a licensed appraiser.	HUD Hub/PC Project Manager	At least 60 days prior to expiration	7. If gross rent potential comparables for an owner's property are at or above 110% of FMR potential, the CA orders a rent comparability study from the Hub/PC.	Contract Administrator	
8. Upon completion of the third party rent comparability study, the HUD PM must compare the rent comparability studies from both the owner and	HUD Hub/PC Project Manager	After third party rent comparability study is completed	8. Upon completion of the third party rent comparability study, the CA compares the rent comparability studies from both the owner and CA, via	Contract Administrator	



2.1.1.3 Current and Future State Option 1 Contract Renewal Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
HUD, via REMS to determine final eligibility			REMS to determine final eligibility		
9. The HUD PM will determine final rents using Attachment 2 of 99-15. If a limited waiver is involved, increased limited distributions will be allowed by HUD. The HUD PM must use REMS to perform these calculations.	HUD Hub/PC Project Manager	Following final rent determination.	9. The CA calculates the rents using Attachment 4 and worksheet for Option 1, and any other applicable documentation based on the instructions in Notice H 99-36. If a limited waiver is involved, increased limited distributions will be allowed by CA. The CA uses the HAPC renewal fields in REMS to perform these calculations. CA forwards to Hub/PC for review/approval of final rents.	Contract Administrator	
10. Once the final rents are determined, and a new contract is executed, the HUD PM must send the rent schedule to the owner.	HUD Hub/Field Office Project Manager	Following final rent determination.	10. The CA forwards a five-year contract to the owner for signature.	Contract Administrator	
11. Once a decision is made regarding rent comparability, no appeals are allowed for the owner. The owner must accept HUD's decision or pursue other options identified in 98-34.	Owner	Following final rent determination.	11. Once a decision is made regarding rent comparability, no appeals are allowed for the owner.	Owner	



2.1.1.3 Current and Future State Option 1 Contract Renewal Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
12. After the owner receives the revised rent schedule and contract, he or she must sign and return the documents to HUD. HUD REFERENCE MATERIALS: Attachment 2 of 99-15	Owner	Following final rent determination.	12. Owner signs contract and returns to CA.	Owner	
13. Once the rent schedule and contract are signed by the owner and returned to HUD, the PM must prepare a five-year contract using Attachments 1A or 1B of 99-15 and send this contract to the owner for execution.	HUD Hub/PC Project Manager	Upon Return of Rent Schedule and Contract	13. Not Applicable	Not Applicable.	
14. Following receipt of the signed rent schedule, contract, and distribution of the five year contract, the HUD PM must make the appropriate data entries into REMS and TRACS	HUD Hub/Field Office Project Manager	Upon Return of Contract (and Rent Schedule If Applicable)	14. CA executes the contract and distributes copies to appropriate parties. Updates ARAMS, TRACS and REMS, as applicable.	Contract Administrator	
15. The owner must execute the five year contract mentioned in steps 14-15, and return it to HUD.	Owner	Upon Receipt of HUD Five Year Contract.	15. Not Applicable.	Not Applicable.	
16. After executing the five year contract, the owner must notify tenants that the owner	Owner	Upon Execution of HUD Five Year Contract by	16. Not Applicable.	Not Applicable.	



2.1.1.3 Current and Future State Option 1 Contract Renewal Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
has entered into a five-year contract renewal. The owner must also explain to tenants that rental subsidies are subject to availability of annual appropriations. HUD REFERENCE MATERIALS: Attachments 1A or 1B of 99-15 Attachment 3 of 99-15		Owner.			



2.1 CONTRACT MANAGEMENT

2.1.2 *OPTION 2 CONTRACT RENEWAL: RENEWAL OF CONTRACTS WITH CURRENT RENTS AT OR BELOW COMPARABLE MARKET RENTS*



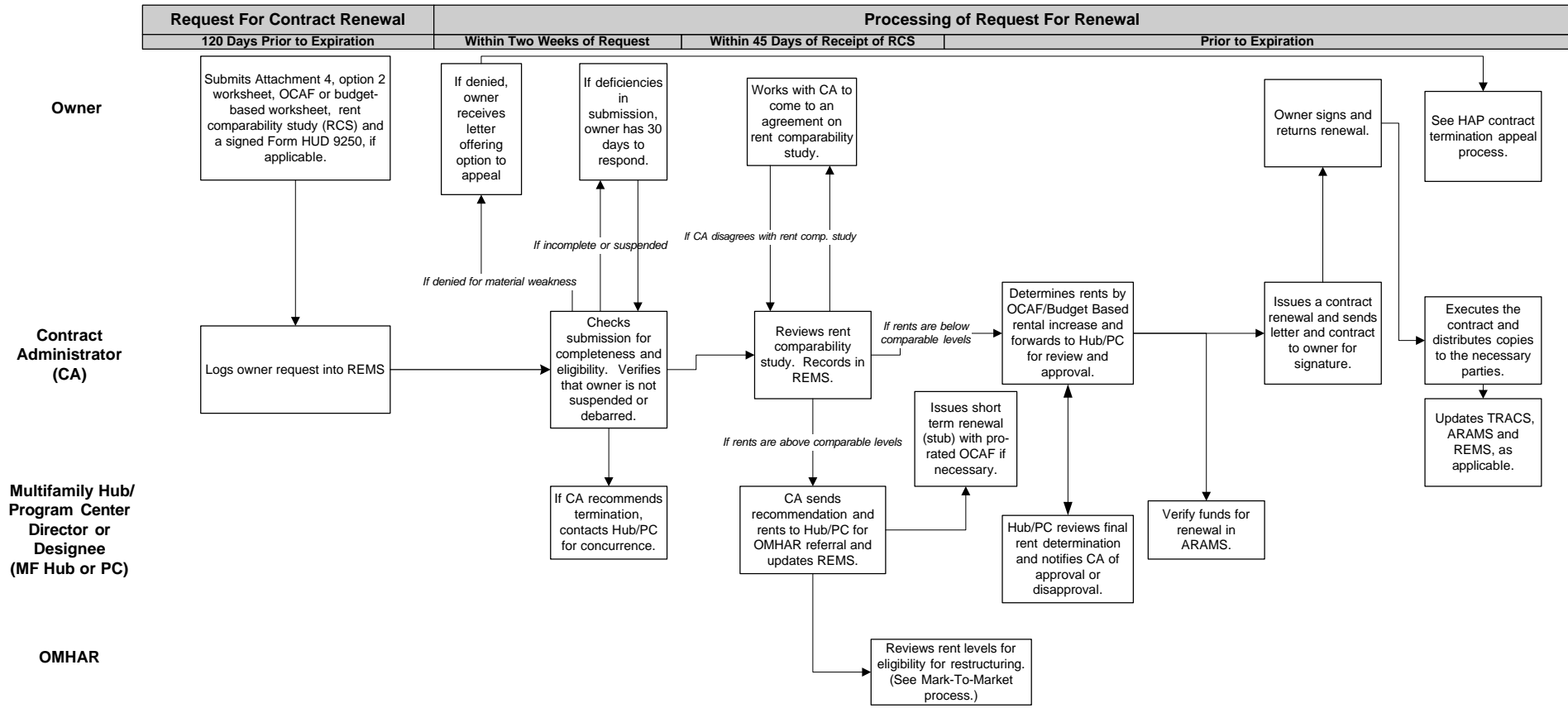
2.1.2.1 Future State Option 2 Contract Renewal Process Flow Chart

2.1.2.1

HUD HAP Contract Management:

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Option 2 Contract Renewal: Other Contracts With Current Rents At Or Below Comparable Market Rents



Lead
Responsibility
Documentation

Owner	Contract Administrator	OMHAR	Contract Administrator
<ul style="list-style-type: none"> Notice H 99-36 Section 524 of MAHRA HUD Handbook 4350.1, Rev. 1, Ch.7 	<ul style="list-style-type: none"> Form HUD 92458, Rent Schedule 		

Transition Issues



2.1.2.2 *Future State Option 2 Contract Renewal Task Matrix*



2.1.2.2

Option 2 Contract Renewal Process

Task Matrix

OWNER		
TIMELINE	TASK	TEAM
120 Days Prior to Contract Expiration	Submits Attachment 4 and Option 2 worksheet to CA, including OCAF worksheet, rent comparability study (RCS) , and/or a request for a budget-based increase, and a signed Form HUD 9250, Reserve for Replacements, if applicable.	Contract Administrator
Within Two Weeks of Receipt of Owner Request	If CA determines that owner submission has deficiencies, owner is notified to correct deficiencies and remit.	Contract Administrator
	If CA/HUD denies owner submission for adverse material, financial, or managerial actions, physical condition standards, or noncompliance with HUD regulations, the owner receives letter stating the right to appeal.	Contract Administrator
Prior to Expiration, Following Processing of Request For Renewal	Signs and returns contract renewal to CA upon receipt.	Contract Administrator

CONTRACT ADMINISTRATOR (CA)

TIMELINE	TASK	TEAM
Upon Receipt of Owner Request	Owner request is logged into REMS.	
	Check submission for completeness and eligibility. Verifies that owner is not suspended or debarred	
	Notifies owner to correct deficiencies for timely contract renewal.	Owner
	If recommending HAP termination of the contract, contact Hub/PC for approval.	Multifamily Hub/PC
If Request Denied For Material Weakness	If CA does not approve submission, send letter to the owner and advise, give owner 30 days to object and appeal.	
	Review rent comparability study (RCS) and record in REMS. Verify comparable properties if necessary.	



2.1.2.2

Option 2 Contract Renewal Process

Task Matrix

CONTRACT ADMINISTRATOR (CA)

TIMELINE	TASK	TEAM
	If the project's market rent potential is greater than that of the comparable properties, the submission should be forwarded to the Hub/PC for referral to OMHAR.	OMHAR
	If rents are at or below comparable market potential of property rents, set rents at OCAF or budget-based levels if requested by owner.	
	Send new rent levels to Hub/PC for review and approval.	Hub/PC
After Rent Levels Set	Verifies funds availability in ARAMS.	CA
	Issues contract renewal and sends contract to owner for signature.	Owner
	Executes contract and distributes copies to appropriate parties. Update ARAMS and REMS.	

OMHAR

TIMELINE	TASK	TEAM
After Receipt of Referral From CA	Review rent levels to determine eligibility for restructuring. Proceed with Mark-To-Market process if appropriate.	Contract Administrator

MULTIFAMILY HUB/PROGRAM CENTER (MF Hub/PC)

TIMELINE	TASK	TEAM
After Receipt of New Rent Levels From CA	Review and approve new rent levels and notify CA.	Contract Administrator



2.1.2.3 *Current and Future State Option 2 Contract Renewal Process
Matrix*



2.1.2.3 Current and Future State Option 2 Contract Renewal Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
<p>1. The initial contract renewal process begins 90 days prior to expiration, when the owner sends a request to the HUD multifamily program center or Hub director choosing Option 1 under the current renewal process – an option to renew without restructuring.</p> <p>The two paths under this option are:</p> <p>a) 524(a)(1): Requires renewals at rent levels that do not exceed comparable market rents. This is open to any project.</p> <p>b) 524(a)(2): Requires renewal at rents that are the lesser of (i) existing rents adjusted by an OCAF or (ii) a budget based rent level.</p> <p>Projects eligible to participate under 524(a)(2) are listed on page 9 of 98-34.</p>	Owner	<u>Future State:</u> 120 Days Prior to Expiration	<p>1. 120 days prior to expiration the owner submits the Attachment 4, Option 2 worksheet, and a signed Form HUD 9250, if applicable.</p>	Owner	
<p>2. Owner sends request to the Multifamily Program Center or Hub.</p>	Owner	120 Days Prior to Expiration	<p>2. Not Applicable.</p>		
<p>3. <u>524(a)(1)</u>: The owner request includes Attachment 4 and</p>	Owner	120 Days Prior to Expiration	<p>3. Not Applicable.</p>		



HUD Project Based Section 8 HAP Contract Administration

Processes & Procedures DRAFT

2.1.2.3 Current and Future State Option 2 Contract Renewal Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
Worksheet for Option 1 - method 1, 514c ,if a short term extension is necessary. Projects that receive a 120-day renewal pursuant to 514(c) of MAHRA are required to submit a rent comparability study.					
4. Upon receipt of the 524(a)(1) request, the owner request is logged into REMS by a HUD PM.	HUD/Hub Field Office Project Manager	Upon receipt of Attachment	4. Log owner request into REMS.	Contract Administrator	
5. After entry into REMS, the HUD PM must check for owner certification regarding debarment and suspension.	HUD/Hub Field Office Project Manager	Upon receipt of Attachment	5. The CA must check for owner certification regarding debarment and suspension.	Contract Administrator	
6. Once received, the owner's submission of 524(a)(1) request is reviewed by a HUD PM	HUD/Hub Field Office Project Manager	Upon receipt of Attachment	6. The CA checks the owner submission for completeness and eligibility. If applicable, recommends termination of contract. See HAPC termination guidelines of Notice H 99-36.	Contract Administrator	
7. The HUD PM must review the rent comparability study submitted by the owner, and record findings in REMS. The HUD PM must verify comparable properties if	HUD/Hub Field Office Project Manager	Upon receipt of 524(a)(1) request	7. The CA must review the rent comparability study submitted by the owner, and record findings in REMS. The CA must verify comparable properties if necessary.	Contract Administrator	



2.1.2.3 Current and Future State Option 2 Contract Renewal Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
necessary.					
8. If the HUD PM does not approve the submitted 524(a)(1) request, a letter must be sent to the owner giving the owner 30 days to object and appeal HUD's decision. If there are any deficiencies in the owner submission packet, the owner has thirty (30) days to respond.	HUD/Hub Field Office Project Manager/Owner	Upon receipt of Attachment	8. If the CA does not approve the Attachment 4 request under Notice H 99-36, a letter must be sent to the owner giving the owner 30 days to object and appeal HUD's decision. If there are any deficiencies in the owner submission packet, the owner has thirty (30) days to respond.	Contract Administrator	
9. If the project's market rent potential is greater than that of the comparable properties, the HUD PM should forward the submitted 524(a)(1) request to appropriate personnel at OMHAR within fourteen (14) days. If OMHAR determines that the project rents can be reduced without having a negative impact on the project, OMHAR will notify the HUD PM to renew the contract.	OMHAR/HUD Hub Field Office Project Manager	Upon receipt of Attachment	9. Not Applicable.		
10. Upon receipt of a query from HUD MF regarding a 524(a)(1) request, OMHAR will review rent levels to determine the owner's eligibility for restructuring, if	OMHAR		10. Not Applicable.		



2.1.2.3 Current and Future State Option 2 Contract Renewal Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
applicable.					
11. If rents are at or below the market potential of the comparable rents, a budget based rent increase request will made by the HUD PM.	HUD/Hub Field Office Project Manager	Upon receipt of Attachment	11. If rents are at or below the market potential of the comparable rents, a budget based rent increase or OCAF will be processed by the CA.	Contract Administrator	
12. If all documentation is present and appears reasonable, renewal rents will be set at the budget-based level as long as they do not exceed the comparable market rents.	HUD/Hub Field Office Project Manager	Upon receipt of Attachment	12. If all documentation is present and appears reasonable, the CA calculates the renewal rents at the OCAF or budget-based level as long as they do not exceed the comparable market rents.	Contract Administrator	
13. During the 524(a)(2) process, the owner makes a request which includes Attachment 4 and Worksheet for Option 1 – method 2, 514c, and projects that receive a 120-day renewal pursuant to 514(c) of MAHRA are required to submit a rent comparability study.	Owner	120 Days Prior to Expiration	13. Not Applicable.		
14. During the 524(a)(2) process, owners of HUD-held and HUD-insured projects are required to submit, a rent comparability study if appropriate.	Owner	Upon submission of Attachment	14. Not Applicable.		
15. After the 524(a)(2) request is received, it is logged into the REMS by the HUD PM	HUD/Hub Field Office Project Manager	Upon receipt of Attachment	15. Not Applicable.		



HUD Project Based Section 8 HAP Contract Administration

Processes & Procedures DRAFT

2.1.2.3 Current and Future State Option 2 Contract Renewal Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
16. Upon receipt of 524(a)(2) request from owner, the HUD PM checks to see that the project is eligible under this method.	HUD/Hub Field Office Project Manager	Upon receipt of Attachment	16. Not Applicable.		
17. If appropriate, the HUD PM will review rent comparability study and record data in REMS upon receipt of 524(a)(2) request from owner	HUD/Hub Field Office Project Manager	Upon receipt of Attachment	17. Not Applicable.		
18. If PM does not approve submission, a letter is sent to the owner, providing the owner with 30 days to object and appeal the HUD decision. If there are any deficiencies in the owner submission packet, the owner has thirty (30) days to respond	HUD/Hub Field Office Project Manager/Owner	Upon disapproval of Attachment	18. Not Applicable.		
19. If the 524(a)(2) request is not disapproved immediately, the HUD PM must review all of the documents submitted with the request and perform the calculations which will reveal which adjustment method results in the lower rent levels - OCAF or budget-based	HUD/Hub Field Office Project Manager	Upon receipt of Attachment	19. Not Applicable.		
20. If a rental increase is approved under the 524(a)(2) process,	HUD/Hub Field Office Project	Upon CA review and completion of	20. The CA forwards the OCAF/Budget Based rental	Contract Administrator	



2.1.2.3 Current and Future State Option 2 Contract Renewal Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
the HUD PM will issue a one-year contract renewal.	Manager	OCAF/Budget-Based Rental Increase Request	increase to the HUB/PC for review and approval.		
21. If the 524(a)(2) process requires documents to be forwarded to OHMAR, they must be delivered to OMHAR within 14 days of HUD's receipt of the documents in question.	HUD/Hub Field Office Project Manager/OMHAR	Upon approval of Hub/PC OCAF and/or Budget-Based Rental Increase	21. Hub/PC returns approval to the CA.	Contract Administrator	
22. Not Available	Not Available	Following CA receipt of Hub/PC approval	22. CA issues contract renewal and sends letter to owner for signature.	Contract Administrator	
23. Not Available	Not Available	Upon receipt of contract	23. Owner signs and returns contract to CA	Owner	
24. Not Available	Not Available	Upon receipt of signed contract	24. Executes contract and distributes copies to appropriate parties. Updates TRACS, ARAMS and REMS, as applicable.	Contract Administrator	



2.1 CONTRACT MANAGEMENT

2.1.3 *OPTION 3 CONTRACT RENEWAL: REFERRAL TO OMHAR FOR RESTRUCTURING (MARK-TO-MARKET)*



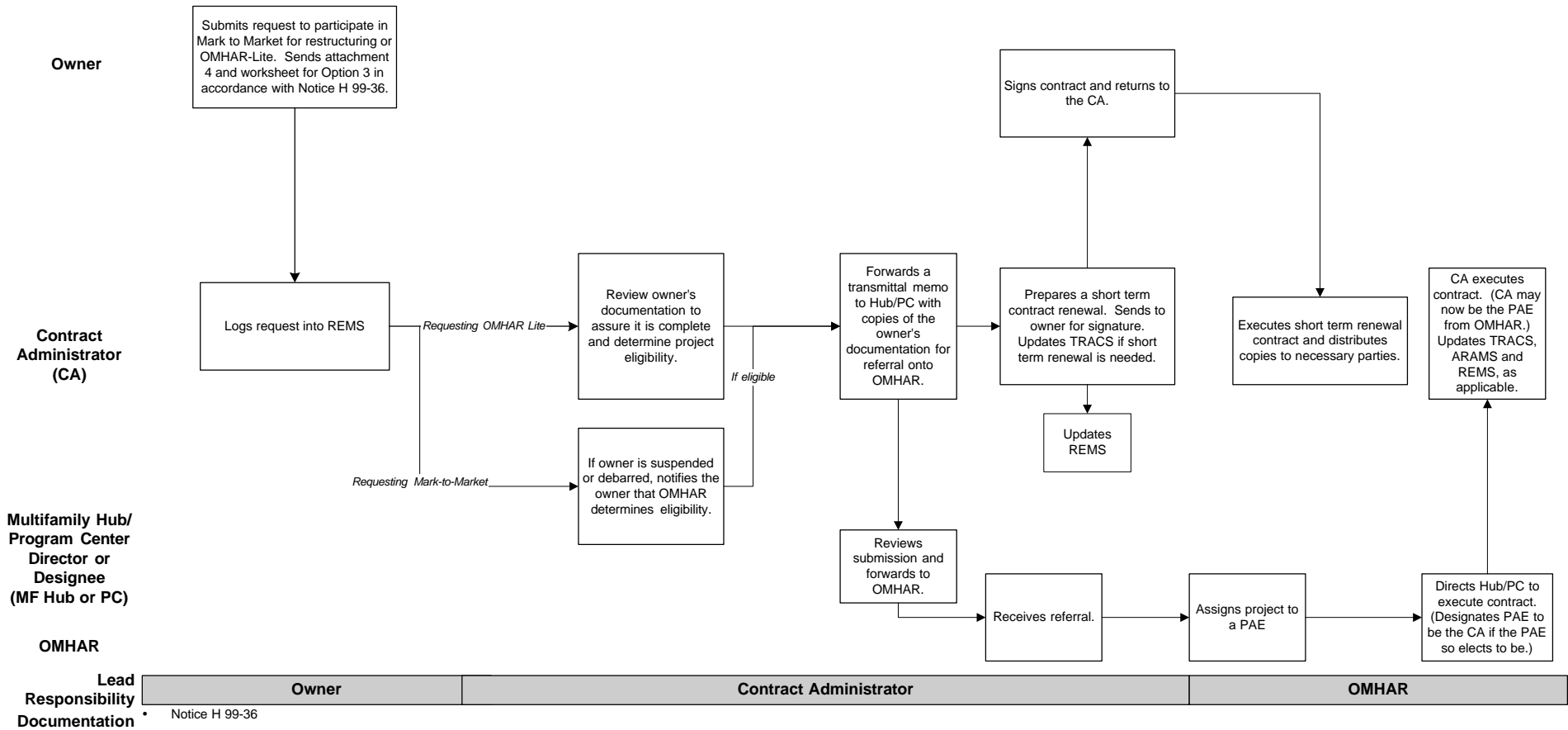
2.1.3.1 *Future State Option 3 Contract Renewal Process Flow Chart*

2.1.3.1

HUD HAP Contract Management: Option 3 Contract Renewal: Mark-To-Market Process

DRAFT 2-00

Request to Participate in Mark to Market	Processing of Request		
120 Days Prior to Expiration	30 Days Following Receipt of Request	45 Days Prior to Contract Expiration	Ongoing



Transition Issues

- A program protocol needs to be established with OMHAR to confirm referral processes and other issues related to Option 3 contract renewals.

- A protocol needs to be established with OMHAR for PAEs who elect to become the CA for a project.



2.1.3.2 *Future State Option 3 Contract Renewal Task Matrix*



2.1.3.2

Option 3 Contract Renewal Process

Task Matrix

OWNER

TIMELINE	TASK	TEAM
120 Days Prior to Contract Expiration	Owner submits request to participate in Mark-To-Market (or OMHAR-Lite) program using Attachment 4 and Option 3 Worksheet.	Contract Administrator
30 Days Following CA Receipt of Owner Request	Receives short-term contract renewal from CA and returns with signature.	Contract Administrator

CONTRACT ADMINISTRATOR (CA)

TIMELINE	TASK	TEAM
After Receipt of Owner's Request (At Least 120 Days Prior to Expiration)	CA logs request into REMS.	
30 Days Following Receipt of Request	Reviews owner documentation for completion, determines project eligibility, and verifies that project rents exceed comparable market rents.	
	CA sends a copy of the transmittal memo and owner information to the Hub/PC.	Multifamily Hub or Program Center
	CA prepares a short term contract renewal at current rents and sends to owner for signature. Updates TRACS/ARAMS as applicable if short term contract renewal is necessary.	Owner
	CA updates REMS.	
	Executes short term renewal contract and distributes copies to appropriate parties.	
Once Project Has Completed Involvement in Mark-To-Market Program	CA continues to administer the contract upon return from Participating Administrative Entity (PAE) assigned by OMHAR, unless the PAE elects to be the CA.	OMHAR

OMHAR

TIMELINE	TASK	TEAM
30 Days Following CA Receipt of Owner Request	Receives project referral from CA.	Contract Administrator
45 Days Prior to Contract Expiration	OMHAR assigns project to a Participating Administrative	



2.1.3.2

Option 3 Contract Renewal Process

Task Matrix

OMHAR

TIMELINE	TASK	TEAM
	Entity (PAE).	
	Executes Projects.	

MULTIFAMILY HUB/PROGRAM CENTER (MF Hub/PC)

TIMELINE	TASK	TEAM
30 Days Following CA Receipt Once CA Has Recommended Referral to OMHAR	Reviews OMHAR referral submission and forwards to OMHAR.	Contract Administrator, OMHAR



2.1.3.3 *Current and Future State Option 3 Contract Renewal Process Matrix*



2.1.3.3 Current and Future State Option 3 Contract Renewal Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
1. Ninety (90) days prior to the expiration date of rental contracts, the owner submits Attachment 4 and worksheet for option 2 of Notice 99-08 to HUD (restructuring or OMHAR Lite). HUD REFERENCE MATERIALS: Notice 98-34, Notice H 99-36, Mark to Market Pocket Guide.	Owner	120 Days Prior to Expiration Date	1. The owner submits Attachment 4 and worksheet for Option 3 to participate in the Mark-To-Market (or OMHAR Lite) program.	Owner	
2. After receiving the owner's request, the HUD PM logs the request into REMS.	HUD Hub/Field Office Project Manager	After Receipt of Owner Request	2. Upon receipt of the owner's Attachment 4 and Option 3 worksheet request, the CA logs the request into REMS.	Contract Administrator	
3. Once the owner's request is received, the HUD PM reviews owner documentation and verifies that the information received by HUD is correct and that the project is eligible. See 98-34 for project eligibility criteria.	HUD Hub/Field Office Project Manager	After Receipt of Owner Request	3. The CA reviews owner documentation to assure it is complete and to determine eligibility.	Contract Administrator	
4. If HUD PM discovers that the owner in question has enforcement actions pending or has been suspended or debarred the HUD PM should notify the owner of ineligibility and option.	HUD Hub/Field Office Project Manager	After Receipt of Owner Request	4. If CA verifies that the owner has been suspended or debarred the CA notifies the owner that OMHAR determines eligibility.	Contract Administrator	



HUD Project Based Section 8 HAP Contract Administration

Processes & Procedures DRAFT

2.1.3.3 Current and Future State Option 3 Contract Renewal Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
HUD REFERENCE MATERIALS: Para XIV, VIII					
5. Once the project is approved by the HUD Multifamily Hub of field office, the PM must prepare a memo to OHMAR, sending the memo and copies of the owner's submission to OHMAR Headquarters.	HUD Hub/Field Office Project Manager	After project is approved by MF	5. If the project is eligible, the CA forwards a recommendation for referral to OMHAR to the Hub/PC with copies of the owner's submission.	Contract Administrator, OMHAR, MF Hub/PC	The Section 8 Contract Administration Team is currently establishing a protocol with OMHAR to confirm referral processes and other issues related to Option 3 contract renewals.
6. Once the project is approved by HUD, the PM may provide a short term contract renewal at current rents to the owner for to execute, using the 514 (c) contract.	HUD Hub/Field Office Project Manager	After project is approved by HUD MF	6. As necessary, the CA provides a short-term contract renewal at current rents to the owner for signature.	Contract Administrator	
7. Once the project is approved, and the short term contract is executed by the owner, the HUD PM must log relevant data into REMS.	HUD Hub/Field Office Project Manager	After project is approved by MF	7. CA executes the contract and distributes copies to appropriate parties.	Contract Administrator	
HUD REFERENCE MATERIALS: Para XVI					
8. Upon approval, and no more	OMHAR	45 Days Prior to	8. Upon approval, and no more	OMHAR	



HUD Project Based Section 8 HAP Contract Administration

Processes & Procedures DRAFT

2.1.3.3 Current and Future State Option 3 Contract Renewal Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
than 45 days prior to contract expiration, OMHAR must assign the project to a qualified PAE		Contract Expiration Date	than 45 days prior to contract expiration, OMHAR must assign the project to a qualified PAE		
9. If the PAE returns the contract, HUD continues to administer contract. HUD REFERENCE MATERIALS: Para XVI	HUD PM	Ongoing	9. If the PAE returns the contract to the CA, the CA administers the contract.	Contract Administrator	The Section 8 Contract Administration Team is currently establishing a protocol with OMHAR regarding PAEs who elect to become CAs for a project that they restructured.



2.1 CONTRACT MANAGEMENT

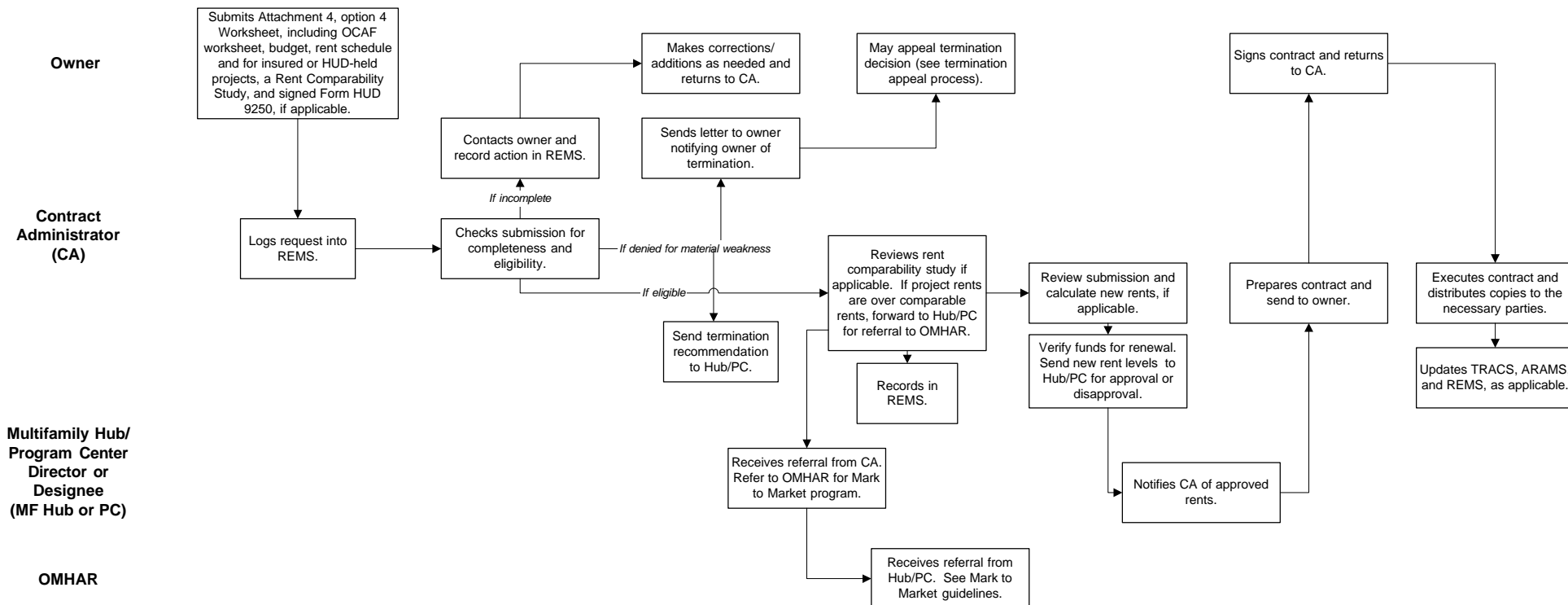
2.1.4 *OPTION 4 CONTRACT RENEWAL: PROJECTS EXEMPTED FROM OMHAR*



2.1.4.1 *Future State Option 4 Contract Renewal Process Flow Chart*

Option 4 Contract Renewal: Projects Exempted From OMHAR Process

Initial Request	Renewal Processing	
120 Days Prior to Contract Expiration	Within 30 Days of Receipt of Request	45 Days after Receipt of Owner's Request



Lead
Responsibility

Owner	Contract Administrator	Contract Administrator	Hub/PC	Contract Administrator
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Documentation

- Notice H 99-36
- HUD Handbook 4350.1

Transition Issues
For Future State
Process



2.1.4.2 *Future State Option 4 Contract Renewal Task Matrix*



2.1.4.2

Option 4 Contract Renewal Process

Task Matrix

OWNER

TIMELINE	TASK	TEAM
120 Days Prior to Contract Expiration	Submits Attachment 4, Worksheet for Option 4, including an OCAF worksheet, budget based rental adjustment, rent schedule, a Rent Comparability Study (RCS) for insured or HUD-held projects, and a signed Form HUD 9250, if applicable.	Contract Administrator
Upon Receipt of Notification of Incomplete Request	Makes corrections/additions as needed and returns to CA.	Contract Administrator
If Project Ineligible Due to Material Adverse Financial and/or Managerial Actions	May appeal termination decision.	
Upon Receipt of Contract from the Contract Administrator	Signs contract and rent schedule and returns to CA.	Contract Administrator

CONTRACT ADMINISTRATOR (CA)

TIMELINE	TASK	TEAM
Upon Receipt of Owner's Request	Logs request into REMS.	
	Checks owner submission for completeness and eligibility.	
If Owner's Request is Incomplete	Contacts owner and records in REMS.	Owner
If Project is Ineligible	Sends letter to owner notifying owner of ineligibility and advises which renewal options are applicable. Logs into REMS.	Owner
If Owner's Request is Complete	Reviews rent comparability study if applicable. If subject rents are over comparable rents, notify Hub/PC to refer insured and HUD-held projects to OMHAR. See Option 3 renewal guidelines in Notice H 99-36.	OMHAR, Hub/Program Center
	Record action in REMS	
	Review owner submission, calculate new rents based on the lesser of budget-based rental increase or OCAF rents.	
	Verify funds for renewal in ARAMS. Forwards rent recommendation to Hub/PC for approval.	Hub/Program Center



2.1.4.2

Option 4 Contract Renewal Process

Task Matrix

CONTRACT ADMINISTRATOR (CA)

TIMELINE	TASK	TEAM
Upon Receipt of Hub/PC Approval	Prepares contract and sends to owner.	Owner
Upon Receipt of Signed Contract from Owner	Executes contract and distributes copies to appropriate parties.	
	Updates ARAMS, TRACS and REMS as applicable.	

MULTIFAMILY HUB/PROGRAM CENTER (MF HUB/PC)

TIMELINE	TASK	TEAM
Upon Receipt of CA's Recommended Rents	Notifies CA of approved rents.	Contract Administrator



2.1.4.3 *Current and Future State Option 4 Contract Renewal Process Matrix*



2.1.4.3 Current and Future State Option 4 Contract Renewal Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
Current State Not Applicable.		120 Days Prior to Contract Expiration	1. Owner submits Attachment 4, Option 4 Worksheet for renewal. This request includes an OCAF worksheet, budget based rental increase, rent schedule, a Rent Comparability Study (RCS) for insured or HUD-held projects and a signed Form HUD 9250, if applicable.	Owner	
		Upon receipt of owner request	2. CA logs request into REMS.	Contract Administrator	
		120 Days Prior to Contract Expiration	3. Following receipt, CA checks submission for completeness and eligibility. If complete and ineligible, refer to step 5. If complete and eligible, refer to step 6.	Contract Administrator	
		Within 30 Days of Receipt of Request	4. If submission is incomplete, CA contacts owner and logs into REMS. Owner makes correction/additions as needed and returns submission to CA.	Contract Administrator and Owner	
		Within 30 Days of Receipt of Request	5. If owner submission is not eligible or can not be renewed, CA sends letter to owner notifying owner of appropriate	Contract Administrator	



2.1.4.3 Current and Future State Option 4 Contract Renewal Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
			method to renew the contract, or, if applicable, contract termination. Logs into REMS.		
		Within 30 Days of Receipt of Request	6. If owner submission is eligible, CA reviews the documentation and calculates the new rent levels which will be based on the lesser of either OCAF or a budget based rental increase. If project rents are above comparable rents, forward to Hub/PC for referral to OMHAR. Logs into REMS.	Contract Administrator	
		45 Days After Receipt of Owner's Request	7. CA verifies funds for renewal in ARAMS and forwards recommendation of new rent levels to Hub/PC for approval.	Contract Administrator	
			8. Hub/PC approves new rent levels and notifies CA.	Multifamily Hub/PC	
			9. CA prepares contract and rent schedule and sends to owner.	Contract Administrator	
			10. Owner signs contract and rent schedule and returns to CA.	Owner	
			11. CA executes contract and distributes copies to appropriate parties. CA updates ARAMS, TRACS, and REMS as applicable.	Contract Administrator	



2.1 CONTRACT MANAGEMENT

2.1.5 *OPTION 5 CONTRACT RENEWAL: PORTFOLIO REENGINEERING OR PRESERVATION CONTRACT*



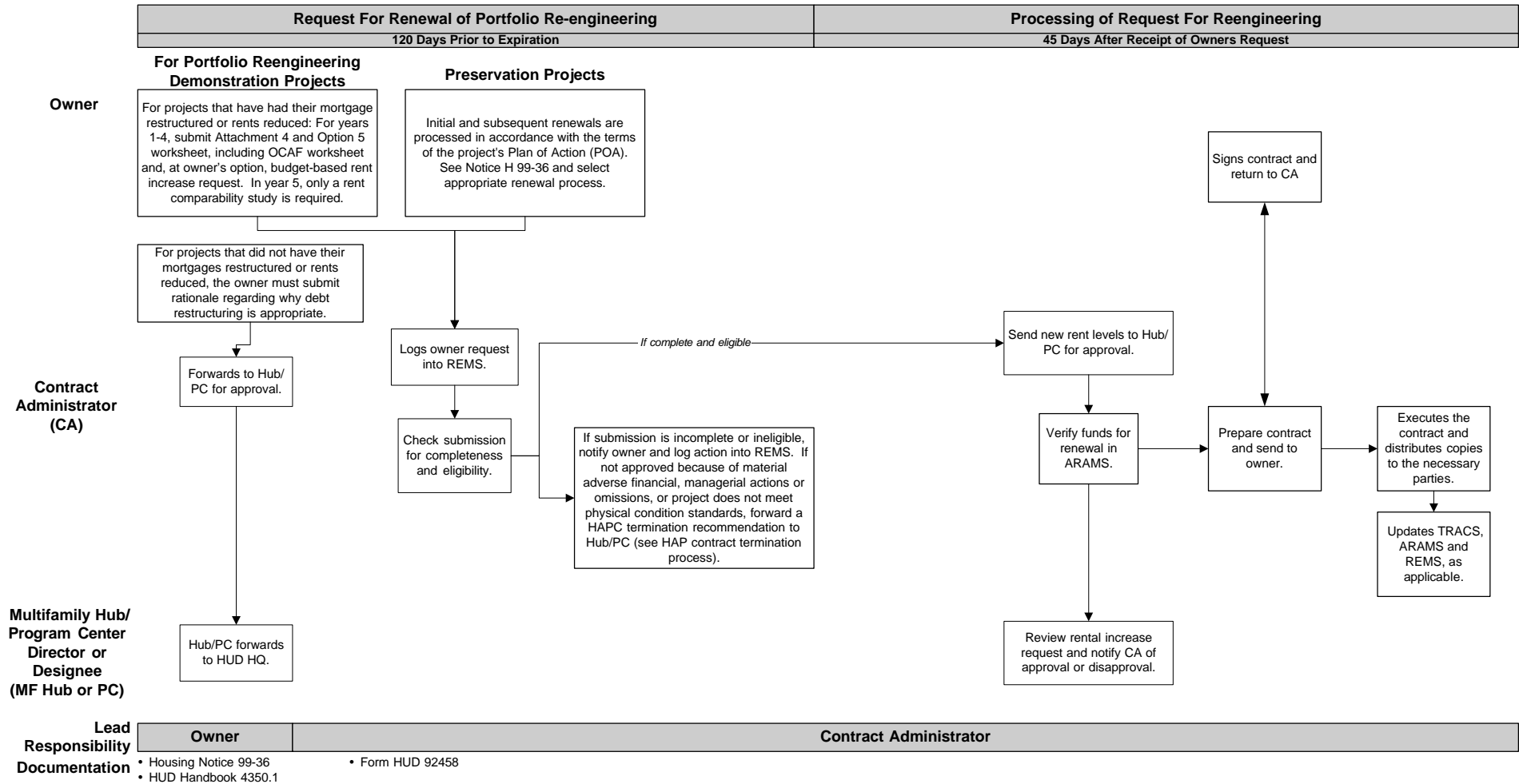
2.1.5.1 Future State Option 5 Contract Renewal Process Flow Chart

2.1.5.1

HUD HAP Contract Management:

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Option 5 Contract Renewal: Portfolio Reengineering or Preservation Contract



Transition Issues



2.1.5.2 *Future State Option 5 Contract Renewal Task Matrix*



2.1.5.2

Option 5 Contract Renewal Process

Task Matrix

OWNER

TIMELINE	TASK	TEAM
120 Days Prior to Contract Expiration	<u>Portfolio Reengineering Demonstration Projects:</u> <ul style="list-style-type: none"> For projects that have had their mortgage restructured or rents reduced. Years 1-5: submit Attachment 4 and Option 5 Worksheet to the CA. Year 5 only requires a Rent Comparability Study (RCS). For projects that did not have their mortgages restructured or rents reduced, the owner must submit rationale to the CA as to why debt restructuring is appropriate. <u>Preservation Projects:</u> Submit Attachment 4 and Option 5 Worksheet and all required documentation.	Contract Administrator
If Owner Request Is Incomplete	Make corrections/additions as needed and return to CA	Contract Administrator
45 Days After Receipt of Owner's Request	Sign contract and return to CA.	Contract Administrator

CONTRACT ADMINISTRATOR (CA)

TIMELINE	TASK	TEAM
120 Days Prior to Contract Expiration	Owner request is logged into REMS.	
	Check submission for completeness and eligibility. Verifies that owner is not suspended or debarred	
	If submission is incomplete, notify owner and record action in REMS.	
	If not approved because of material adverse financial or managerial actions or omissions or project does not meet physical condition standards, send recommendation to Hub/PC for HAPC termination.	Hub/PC



2.1.5.2

Option 5 Contract Renewal Process

Task Matrix

CONTRACT ADMINISTRATOR (CA)

TIMELINE	TASK	TEAM
	See Termination of HAP Contract Process Matrix for appeal and termination process.	
45 Days After Receipt of Owner's Request	Complete review of submission and calculate new rent levels.	
	Forward the new rent levels to Hub/PC for approval.	Hub/PC
	Verify funds for renewal in ARAMS.	
	Prepare contract and rent schedule and send to owner.	
	Execute contract and distribute copies.	
	Update TRACS, ARAMS and REMS, as applicable.	

MULTIFAMILY HUB/PROGRAM CENTER (MF Hub/PC)

TIMELINE	TASK	TEAM
120 Days Prior to Contract Expiration	Refer request to Office of Portfolio Management, if applicable.	Multifamily Housing
45 Days After Receipt of Owner's Request	Review rental increase request and notify CA of approval/disapproval.	Contract Administrator



2.1.5.3 *Current and Future State Option 5 Contract Renewal Process Matrix*



2.1.5.3 Current and Future State Option 5 Contract Renewal Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
Current State Not Applicable.		120 Days Prior to Contract Expiration	1. The owner remits the Attachment 4 request and Option 5 Worksheet to the CA according to Notice H 99-36 for portfolio reengineering or preservation projects.	Owner	
			2. CA logs into REMS.		
			3. Portfolio Reengineering Demonstration Projects: <i>For projects that have had their mortgage restructured, or rents reduced:</i> Years 1-4 following the signing of the project's Demonstration Contract, submit Attachment 4, and Option 5 Worksheet, including OCAF worksheet and, at owner's option, budget-based rent increase request. <i>For projects that have not had their mortgage restructured or rents reduced:</i> The Owner must submit rationale regarding why debt restructuring is appropriate to	Owner, CA, Hub/PC	



2.1.5.3 Current and Future State Option 5 Contract Renewal Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
			<p>the CA. The CA will forward justification to the Hub/PC for referral to MF HQ.</p> <p>CA refers request to the Office of Portfolio Management/Multifamily Housing.</p> <p>Preservation Projects: Initial and subsequent renewals shall be renewed in accordance with the terms of the project's Plan of Action (POA). See guidelines in Notice H 99-36, Option 5, Section XIII.</p> <p>If projects have had their rents renewed under terms that differ from the POA terms, the CA should renew the rents as outlined in the project's POA.</p> <p>Special provisions apply to projects that elect to opt-out or prepay. See the guidelines in Notice H 99-36.</p>		



2.1.5.3 Current and Future State Option 5 Contract Renewal Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
			4. The CA checks for owner certification regarding debarment and suspension.	Contract Administrator	
			5. If submission is incomplete, CA must contact owner, and record action in REMS.	Contract Administrator	
			6. Owner will make corrections/additions as needed and return to CA.	Owner	
			7. If not approved because of material adverse financial or managerial actions or omissions or the project does not meet physical condition standards, the CA forwards a termination recommendation to the Hub/PC. See Termination of HAP Contract Process Matrix for termination process.	Contract Administrator	
			8. Within 45 days after receipt of the owner's election for Option 5, the CA will complete the review of the submission and calculate new rent levels.	Contract Administrator	
			9. CA will forward the new rent levels to the Hub/PC for review and approval or	Contract Administrator	



2.1.5.3 Current and Future State Option 5 Contract Renewal Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
			disapproval.		
			10. CA will verify funds for renewal in ARAMS are authorized.	Contract Administrator	
			11. Hub/PC will review rental increase request and notify CA of approval/disapproval.	Hub/PC	
			12. Upon notification from Hub/PC, the CA will prepare contract and send it to the owner. (If combining contracts, see the guidelines in Notice H 99-36, and the Combining Contracts Task Matrix.)	Contract Administrator	
			13. Upon receipt of the contract, the owner will sign it and return it to the CA.	Owner	
			14. After the signed contract is received, it is logged into the REMS by the CA	Contract Administrator	
			15. The CA will execute and distribute copies of the contract.	Contract Administrator	
			16. After execution and distribution of contracts, the CA updates TRACS and REMS as applicable.	Contract Administrator	



2.1 CONTRACT MANAGEMENT

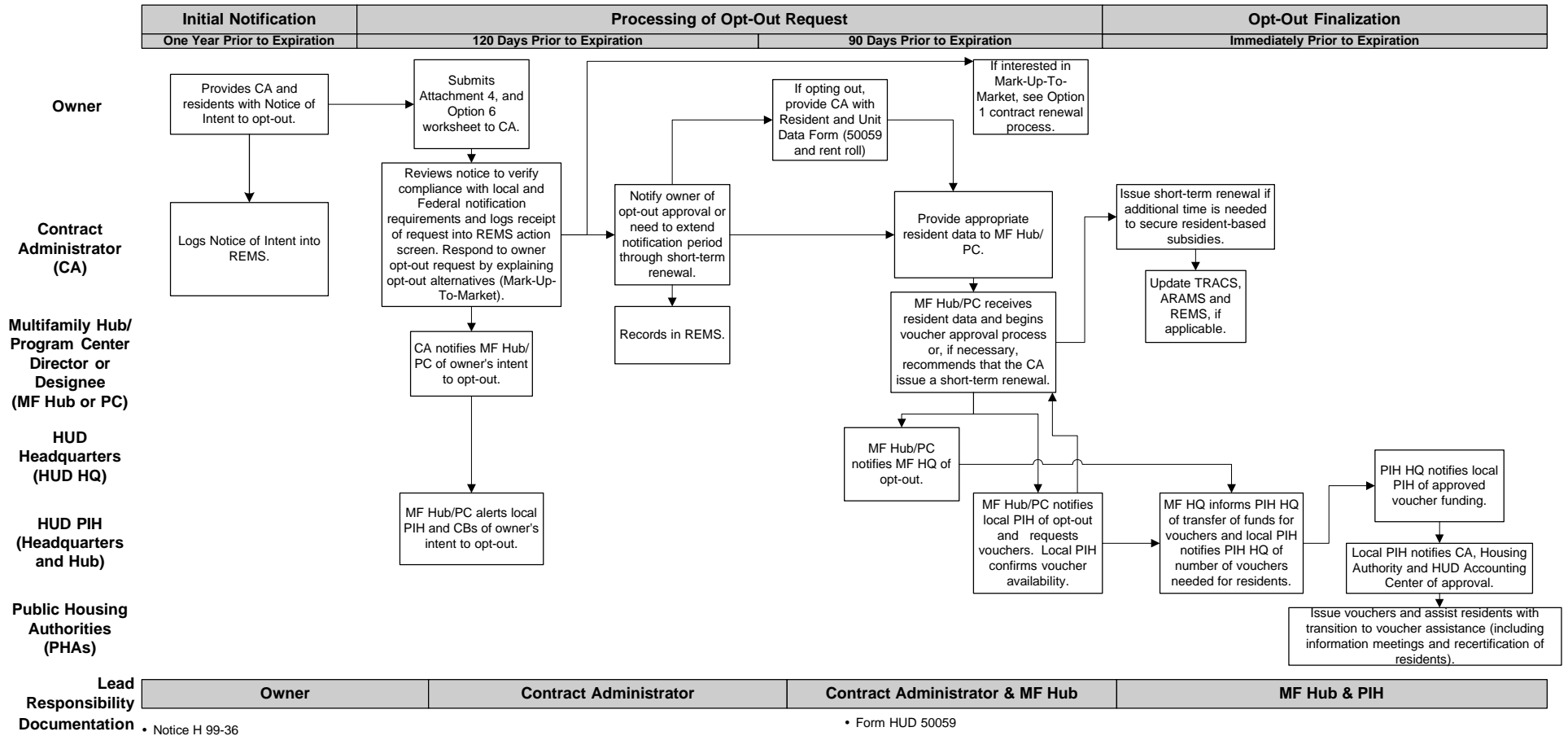
2.1.6 *OPTION 6 CONTRACT RENEWAL: OPT-OUT*



2.1.6.1 *Future State Option 6 Contract Renewal Process Flow Chart*

HUD HAP Contract Management: Option 6 Contract Renewal: Contract Opt-Out Process

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Transition Issues For Future State Process

- The RFP states that the CA will assist residents with transition to vouchers. To what extent will this be done? What was the intention of the language in the RFP?
- What will be the process for those owners who choose to pre-pay and opt-out of the program?



2.1.6.2 *Future State Option 6 Contract Renewal Task Matrix*



2.1.6.2

Option 6 Contract Renewal Process

Task Matrix

OWNER

TIMELINE	TASK	TEAM
At Least One Year Prior to Contract Expiration	Provide CA and residents with Notice of Intent to Opt-Out.	Contract Administrator
At Least 120 Days Prior to Contract Expiration	Remit a request to the CA for Opt-Out using Attachment 4 and Worksheet for Option 6.	Contract Administrator
At Least 90 Days Prior to Contract Expiration	Provide CA with Resident and Unit Data (50059 and rent roll)	Contract Administrator
	Advise CA if interested in alternate available options, including Mark Up to Market.	Contract Administrator

CONTRACT ADMINISTRATOR (CA)

TIMELINE	TASK	TEAM
At Least One Year Prior To Contract Expiration	Log receipt of Notice of Intent to Opt Out into REMS.	
At Least 120 Days Prior to Contract Expiration	Review notice to verify compliance with local and federal notification requirements. Determine owner eligibility to opt-out. Log receipt of opt out request into REMS.	
	Respond to owner opt-out request and explain other available options, including Mark Up To Market.	Owner
	Notifies MF Hub/PC of owner's intent to opt-out.	Multifamily Hub/PC
	Notifies owner of approval to opt-out or the need to extend the notification period through short term renewal.	Owner
	Input opt-out notice into REMS	
At Least 90 Days Prior to Contract Expiration	If eligible, notify Hub/PC of opt-out and provide appropriate resident data to Hub/PC.	Multifamily Hub/PC
Opt-Out Finalization (Immediately Prior to Expiration)	Issue short term renewal if additional time is needed to secure housing choice vouchers.	
	Update ARAMS, TRACS and REMS, if applicable.	



2.1.6.2

Option 6 Contract Renewal Process

Task Matrix

MULTIFAMILY HUB OR PROGRAM CENTER OFFICE (MF Hub/PC)

TIMELINE	TASK	TEAM
At Least 120 Days Prior to Contract Expiration	Receives Attachment 4 and Option 6 Worksheet from CA stating owner's intent to opt-out.	Contract Administrator
	Alerts local PIH and Community Builders of owner's intent to opt-out.	Local PIH Community Builders
At Least 90 Days Prior to Contract Expiration	Receives resident data and begins voucher approval process by requesting voucher funding from HUD Headquarters or tells CA to issue a short-term renewal.	Contract Administrator
	Notifies MF HQ of opt-out.	

HUD MULTIFAMILY HEADQUARTERS

TIMELINE	TASK	TEAM
At Least 90 Days Prior to Contract Expiration	Receives notice from Multifamily Hub/PC of opt-out. Processes request for voucher funding from Multifamily Hub/PC.	Multifamily Hub/PC
Opt-Out Finalization (Immediately Prior to Contract Expiration)	Informs PIH Headquarters of transfer of funds for vouchers and local PIH notifies PIH HQ of number of vouchers needed for residents.	PIH Headquarters

PUBLIC AND INDIAN HOUSING (PIH) HEADQUARTERS

TIMELINE	TASK	TEAM
Opt-Out Finalization (Immediately Prior to Contract Expiration)	PIH Headquarters is notified by Multifamily Headquarters of voucher funding approval.	Multifamily Headquarters
	PIH Headquarters is notified by local PIH of number of vouchers needed for residents.	PIH Hub
	PIH Headquarters approves voucher funding.	



2.1.6.2

Option 6 Contract Renewal Process

Task Matrix

LOCAL PUBLIC AND INDIAN HOUSING (PIH)

TIMELINE	TASK	TEAM
At Least 120 Days Prior to Contract Expiration	Local PIH is alerted by Multifamily Hub or Field Office of potential funding needs (vouchers) as a result of owner opt-out.	Multifamily Hub/PC
Opt-Out Finalization (Immediately Prior to Contract Expiration)	PIH Hub is notified by Hub/PC of owner opt-out in order to request vouchers.	Multifamily Hub/PC
	Confirms voucher availability	
	Local PIH notifies PIH Headquarters of number of vouchers needed for residents.	PIH Headquarters
	Requests resident vouchers from the Public Housing Authorities.	Public Housing Authorities
	PIH Notifies HUD Accounting Center of Opt Out.	HUD Accounting Center

PUBLIC HOUSING AUTHORITIES (PHAs)

TIMELINE	TASK	TEAM
Opt-Out Finalization (Immediately Prior to Contract Expiration)	Receive voucher request(s) from PIH Hub and notification of funding approval.	Local PIH
	Issue vouchers and assist residents with transition to voucher assistance (including informational meetings and recertification of residents).	



2.1.6.3 *Current and Future State Option 6 Contract Renewal Process Matrix*



2.1.6.3 Current and Future State Option 6 Contract Renewal Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
1. One year prior to the expiration of the Section 8 contract, the owner will provide residents and HUD with a Notice of Intent to opt out of the Section 8 program.	Owner	One Year Prior to Expiration	1. One year prior to the expiration of the Section 8 contract, the owner will provide residents and CA with a Notice of Intent to opt out of the Section 8 program.	Owner	What will the process be for owners who choose to pre-pay and opt-out of the program?
2. Upon receipt of the Notice to opt out, the HUD PM will log notice of intent using internal logging procedures.	HUD Hub/Field Office Project Manager	Upon receipt of the Notice to opt out	2. Upon receipt of the Notice to residents to opt out, CA will log notice of intent into REMS.	Contract Administrator	
3. One hundred and twenty (120) days prior to the expiration of the Section 8 contract, the owner sends HUD a request to process opt out using Attachment 4 of HUD Notice 99-08.	Owner	120 Days Prior to Expiration	3. The owner sends CA a request to opt out using Attachment 4 and Worksheet for Option 6 of Notice H 99-36.	Contract Administrator	
4. Upon receipt of the Notice to opt out, the HUD PM will review the notice to verify whether it complies with local and federal notification requirements.	HUD Hub/Field Office Project Manager	Upon receipt of the Notice to opt out	4. Upon receipt of the Notification to residents to opt out, the CA will review the notice to verify whether it complies with local and Federal notification requirements.	Contract Administrator	
5. Upon receipt of the owners request to opt out, the HUD PM must respond to the owner and explain alternatives such as Mark Up to Market. At this time, the HUD PM must also	HUD/Hub Field Office Project Manager	Upon receipt of Attachment 4 and Option 6 Worksheet for Opt Out	5. Upon receipt of the owner's Attachment 4 and Option 6 Worksheet to opt out, the CA must respond to the owner and explain alternatives including Mark Up to Market. At this	Contract Administrator	



2.1.6.3 Current and Future State Option 6 Contract Renewal Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
notify the owner of approval of request to opt out or the need to extend the notification period through a short-term renewal.			time, the CA must also notify the owner of approval of request to opt out or the need to extend the notification period through a short-term renewal.		
6. Not Applicable.	Not Applicable.	Upon receipt of Attachment 4 and Option 6 Worksheet for Owner's Notice to Opt Out	6. CA notifies Hub/PC of owner's intent to opt out. MF Hub/PC alerts PIH HUD of need to secure vouchers as a result of owner opt out.	Contract Administrator, Local PIH	
7. Upon receipt of owner's Notice to Opt Out, the HUD PM must input opt-out notice into REMS. HUD REFERENCE MATERIALS Attachment 4 to 99-08. See 99-15 page 9	HUD/Hub Field Office Project Manager	Upon receipt Attachment 4 and Option 6 Worksheet for Owner's Notice to Opt Out	7. Upon receipt of owner's Notice to Opt Out, the CA must input opt-out notice into REMS.	Contract Administrator	
8. If interested to Mark Up to Market, begin renewal process.	Owner	90 Days Prior to Expiration	8. If interested and eligible for to Mark Up to Market, begin renewal process.	Owner	
9. If the owner is still intent on opting out, he/she must provide HUD with Resident and Unit Data (50059 and rent roll).	Owner	90 Days Prior to Expiration	9. If the owner is still intent on opting out, owner must provide CA with Resident and Unit Data (50059s and rent roll).	Owner	
10. If the owner's Notice to Opt Out is approved by HUD, the	HUD Hub/Field Office Project		10. If the owner's Notice to Opt Out is approved, CA notifies	Contract Administrator	



2.1.6.3 Current and Future State Option 6 Contract Renewal Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
HUD PM must, notify PIH, the community builders and the MF Hub.	Manager		MF Hub/PC and provides appropriate resident data.		
11. If the owners Notice to Opt Out is approved by HUD, the HUD PM must notify OMF of corresponding funding needs.	HUD Hub/Field Office Project Manager	If the Owner's Notice to Opt Out is Approved, and 90 Days Prior to Expiration.	11. MF Hub/PC receives resident data and begins voucher approval process. If necessary, instructs CA to issue a short term renewal. Notifies MF HQ of opt-out.	MF Hub/PC	When should HUD Accounting Center (Fort Worth) be notified of an opt-out? When is the decision considered to be final? What information should be sent?
12. If the owners Notice to Opt Out is approved by HUD, the HUD PM must select PHA to administer vouchers.	HUD Field PIH	If the Owner's Notice to Opt Out is Approved, and 90 Days Prior to Expiration.	12. MF Hub coordinates with MF HQ to work with PIH to obtain vouchers (including appropriate funding).	MF Hub/PC	
13. If the owners Notice to Opt Out is approved by HUD, the HUD Field PIH must assist the residents with transitions to vouchers.	HUD Field PIH	If the Owner's Notice to Opt Out is Approved, and 90 Days Prior to Expiration.	13. PIH requests vouchers from public housing authorities and notifies HUD Accounting Center of Opt Out.	PIH	
14. If the owner's Notice to Opt Out is approved by HUD, the selected PHA must assist residents with the transitions to vouchers. At a minimum, this assistance includes conducting information	PHAs	If the Owner's Notice to Opt Out is Approved, and 90 Days Prior to Expiration	14. If the owner's Notice to Opt Out is approved by HUD, the selected PHA must assist residents with the transitions to vouchers. At a minimum, this assistance includes conducting information	PHAs	The RFP states that the CA will assist residents with the transition to vouchers. To what extent will this be done? What was



2.1.6.3 Current and Future State Option 6 Contract Renewal Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
meetings and re-certifying residents. HUD REFERENCE MATERIALS: Form 50059 99-15			meetings and re-certifying residents.		the intention of the RFP?
15. When an owner opts out, the HUD PM must issue short term renewal if additional time is needed to secure tenant based subsidies.	HUD Hub/Field Office Project Manager	When owner opts out	15. The CA must issue short term renewal if additional time is needed to secure tenant based subsidies.	Contract Administrator	
16. When an owner opts out, the HUD PM must update REMS and TRACS.	HUD Hub/Field Office Project Manager	Prior to Opt Out	16. The CA must update ARAMS, REMS and TRACS as applicable.	Contract Administrator	
17. After the HUD PIH Hub approves vouchers, the PHA must issue Vouchers.	PHAs	Immediately prior to Opt Out	17. After the HUD PIH Hub approves Vouchers, the PHA must issue Vouchers.	PIH Hub and PHA	



2.1 CONTRACT MANAGEMENT

2.1.7 *SUBSEQUENT CONTRACT RENEWALS*



Types of Subsequent Contract Renewals

Note that the Subsequent Contract Renewal process outlined on the following pages applies to the six contract renewal options outlined in Housing Notice H 99-36, with the exception of Option 6:

- 1) Option 1: Mark-Up-To-Market.
- 2) Option 2: Contracts With Current Rents At Or Below Comparable Market Rents.
- 3) Option 3: Referral to OMHAR For Restructuring (Mark-To-Market).
- 4) Option 4: Projects Exempted From OMHAR.
- 5) Option 5: Portfolio Reengineering or Preservation Contract.
- 6) Option 6: Opt-Out (Not Applicable).

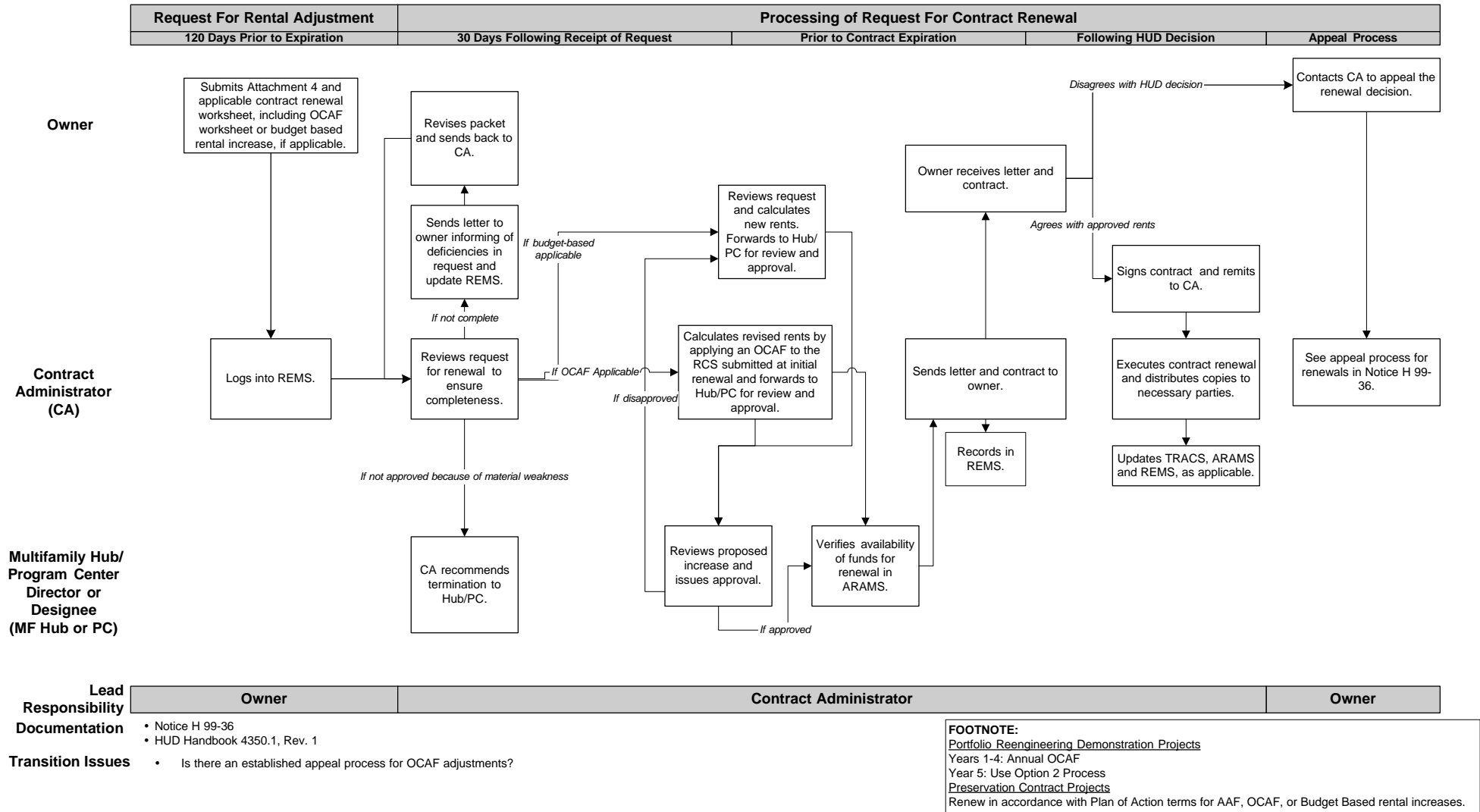


2.1.7.1 *Future State Subsequent Contract Renewal Process Flow Chart*

2.1.7.1

HUD HAP Contract Management: Subsequent Renewal Process

DRAFT 2-00





2.1.7.2 *Future State Subsequent Contract Renewal Task Matrix*



2.1.7.2

Subsequent Contract Renewals

Task Matrix

OWNER

TIMELINE	TASK	TEAM
120 Days Prior to Expiration	Submits Attachment 4 contract renewal worksheet.	Contract Administrator
If Discrepancies are Identified and Packet Sent Back by the CA	Makes corrections and additions and returns to CA.	Contract Administrator
Upon Notification of Approval/Disapproval from CA.	If owner agrees with CA's decision and approved rent levels, owner signs contract and remits to CA.	Contract Administrator
	If owner disagrees with CA's decision, owner contacts CA to appeal the renewal process.	Contract Administrator

CONTRACT ADMINISTRATOR (CA)

TIMELINE	TASK	TEAM
120 days prior to expiration	Logs owner request into REMS (and comparable rents if applicable) into the subsidy renewal screen.	
Within 30 Days of Receipt of Request	Reviews request for renewal to ensure completeness.	
If Packet is Not Complete	Send letter to owner if the packet is deficient.	Owner
	Update REMS if incomplete.	
	If decision is made to terminate at this point, forwards a recommendation to the Hub/PC Designee.	Hub/PC Director or Designee
If Packet Is Complete and OCAF Was Requested	If complete, calculates OCAF increase in accordance with the process outlined in Notice H 99-36.	
If Packet Is Complete and Budget Based Increase was Requested	Reviews request for budget based rental increase. Forwards to Hub/PC for review and approval.	
When OCAF Rents Set or Budget Based Increase Approved	Verifies availability of funds for renewal in ARAMS.	
	Send letter to owner approving or disapproving the rents.	Owner
	Sends contract to owner.	Owner
	Updates REMS.	
Following Owner's Return of Signed Rent Contract	Executes contract and distributes copies to appropriate parties.	
	Updates ARAMS, TRACS and REMS, as applicable.	



2.1.7.2

**Subsequent Contract Renewals
Task Matrix**

CONTRACT ADMINISTRATOR (CA)

TIMELINE	TASK	TEAM
Appeal Process	See appeal process outlined in Notice H 99-36 or HUD Handbook 4350.1, Rev. 1, Chapter 7.	

HUB/PC DIRECTOR OR DESIGNEE

TIMELINE	TASK	TEAM
Upon Receipt of Recommendation of Termination from CA	Reviews CA's recommendation for contract termination and issues decision.	Contract Administrator
Upon Receipt of Recommended Budget Based Rents	Approves or disapproves rents and notifies CA.	Contract Administrator



2.1.7.3 *Current and Future State Subsequent Contract Renewal Process
Matrix*



HUD Project Based Section 8 HAP Contract Administration

Processes & Procedures DRAFT

2.1.7.3 Current and Future State Subsequent Contract Renewal Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
<p>1. Ninety (90) days prior to expiration, the owner submits a renewal request that includes a request for a rent increase using an OCAF.</p> <p>All projects that were initially renewed under 98-34 are eligible for an OCAF adjustment.</p>	Owner	<p><u>Future State:</u> 120 Days Prior to Expiration</p>	<p>1. 120 days prior to expiration, the owner submits Attachment 4 for renewal request for either a rental increase using an OCAF or budget based method and applicable Option Renewal Worksheet.</p> <p>Portfolio Reengineering Demonstration Projects: Years 1-4, OCAF Year 5: Option 2</p> <p>Preservation Projects: In accordance with Plan of Action (POA) terms, i.e., AAF, OCAF or Budget Based Rental Increase</p>	Owner	
<p>2. After receiving this request from the owner, the HUD PM enters a record of the receipt of request into REMS into the subsidy renewal screen of the system.</p> <p>HUD REFERENCE MATERIALS: HUD Notice 98-34 HUD Notice 99-08 HUD Handbook 4350.1</p>	HUD Hub/Field Office Project Manager	<p><u>Future State:</u> 120 Days Prior to Expiration</p>	2. CA Logs into REMS.	Contract Administrator	



HUD Project Based Section 8 HAP Contract Administration

Processes & Procedures DRAFT

2.1.7.3 Current and Future State Subsequent Contract Renewal Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
<p>3. After the owner's request for a contract renewal has been received, the HUD PM must review it.</p> <p>If the packet of information received from the owner is deficient, the HUD PM must send a letter to owner indicating the need for more or better information. The PM must also update REMS accordingly.</p> <p>If the owner has sent a complete information packet, the HUD PM must process the request within 30 days of receipt. Calculates revised rents using OCAF. The process is outlined in Attachment 4 of 98-34.</p>	HUD Hub/Field Office Project Manager	<p>Upon receipt of Attachment 4 and applicable renewal Option Worksheet from owner.</p> <p>Process owner's renewal request within 30 days of receipt of complete renewal submission.</p>	<p>3. After the owner's request for a contract renewal has been received, CA reviews it.</p> <p>If there are deficiencies in the owner's renewal submission, the CA must send a letter to owner indicating the need for additional information.</p> <p>CA update REMS.</p> <p>If owner renewal submission is complete, the CA must process the request within 30 days of receipt. Calculates new rent levels using OCAF or budget based rental process as applicable. Forwards to HUB/PC for review and approval.</p>	Contract Administrator, Hub/PC	
<p>4. The HUD PM must verify the availability of funding for the request submitted.</p> <p>HUD REFERENCE MATERIALS: Notice 98-34, Attachment 4 (See the list of projects eligible for method 1 and method 2) Notice 98-34, Attachment</p>	HUD Hub/Field Office Project Manager	<p>Upon determination of rent levels</p>	<p>4. CA verifies availability of funds for renewal in ARAMS.</p>	Contract Administrator and FMC	Who will the CA check with to verify availability of funds?
<p>5. Prior to contract expiration,</p>	HUD Hub/Field	Prior to Contract	<p>5. CA sends letter and issues</p>	Contract	



HUD Project Based Section 8 HAP Contract Administration

Processes & Procedures DRAFT

2.1.7.3 Current and Future State Subsequent Contract Renewal Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
the HUD PM must send a letter to the owner approving renewal rents with the corresponding rent schedule enclosed for owner signature.	Office Project Manager	Expiration	contract renewal for owner signature.	Administrator and Owner	
6. After contacting the owner to indicate approval of renewal rents, the HUD PM must update the following screens on REMS: project action screen, subsidy screen and occupancy screen. HUD REFERENCE MATERIAL: HUD-92458	HUD Hub/Field Office Project Manager	Prior to Contract Expiration	6. CA updates REMS.	Contract Administrator	
7. Once the owner learns of HUD's decision regarding renewal, the owner must complete HUD-92458 and remit to HUD. The owner may also appeal HUD's renewal decision if he/she is in disagreement with it.	Owner	Following the HUD Decision on Renewal	7. Owner remits signed contract to CA or may appeal the rent decision if disagrees with it. See appeal process.	Owner	
8. Upon receipt of the owner's signed rent schedule, the HUD PM will complete the following: sign rent schedule; prepare one-year renewal contract; execute contract; update TRACS accordingly;	HUD Hub/Field Office Project Manager	Following owner's return of signed rent contract schedule	8. CA executes the contract and distributes copies to appropriate parties. Updates ARAMS, TRACS and REMS.	Contract Administrator	



HUD Project Based Section 8 HAP Contract Administration

Processes & Procedures DRAFT

2.1.7.3 Current and Future State Subsequent Contract Renewal Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
(REMS is automatically updated 24 hours after TRACS is updated).					
9. If an owner disagrees with HUD's decision regarding rent renewals, the owner can appeal HUD's decision.	Owner	After Hub/PC decision regarding rent renewal.	9. If an owner disagrees with CA's decision regarding rent renewals, the owner can appeal CA decision.	Owner	Is there an established appeal process for OCAF rent increases? Will the owner appeal directly to CA or to HUD?



2.1 CONTRACT MANAGEMENT

2.1.8 *COMBINING CONTRACTS*



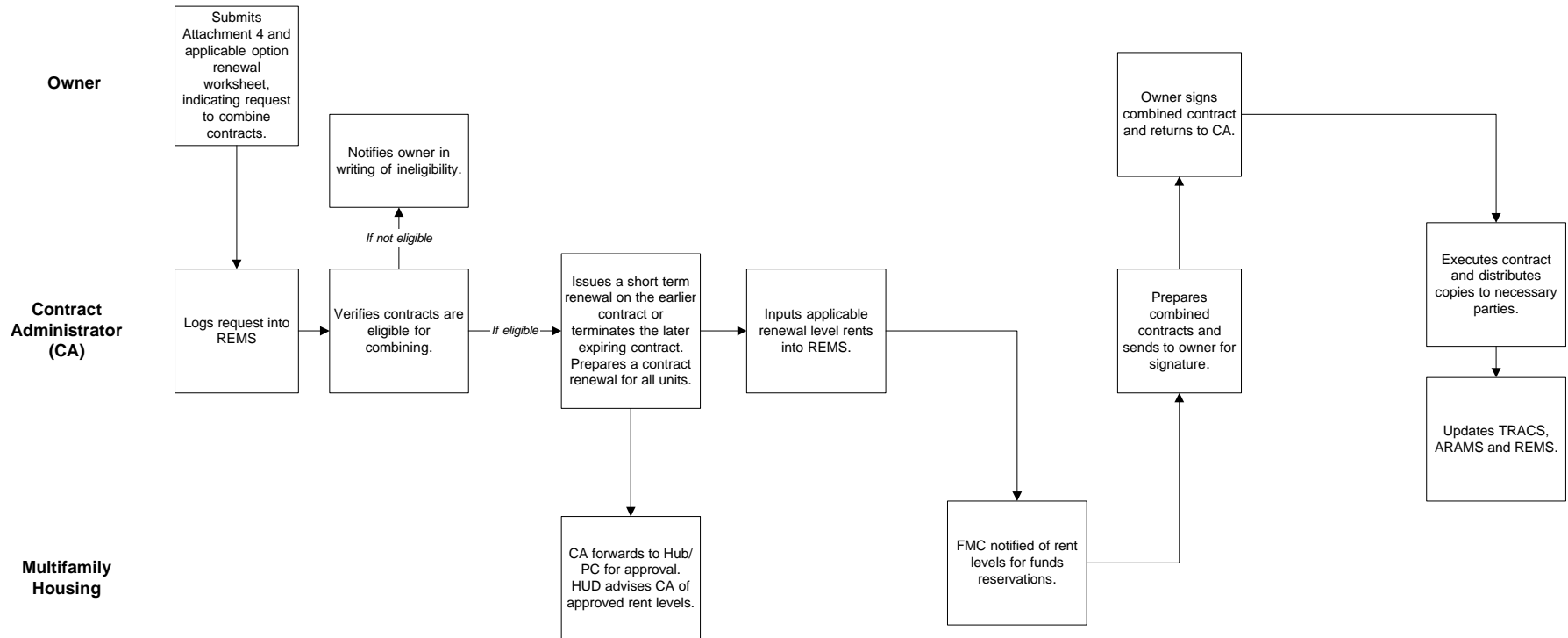
2.1.8.1 *Future State Combining Contracts Process Flow Chart*

2.1.8.1

HUD HAP Contract Management: Contract Combination Process

DRAFT 2-00

Initial Request	Contract Combination Process
120 Days Prior to Contract Expiration	Contract Combination



Lead Responsibility	Owner	Contract Administrator & FMC	Contract Administrator
Documentation	<ul style="list-style-type: none"> Notice H 99-36 Forms HUD 52670 (MAT30), 50059 (MAT10), Termination Record (MAT65) 		

Transition Issues

- HUDCAPS Conversion
- Develop a communication protocol between CA and FMC.



2.1.8.2 *Future State Combining Contracts Task Matrix*



2.1.8.2

Combining Contracts Process

Task Matrix

OWNER

TIMELINE	TASK	TEAM
120 Days Prior to Contract Expiration	At HAPC renewal, the Owner submits Attachment 4 and the Option Renewal Worksheet for the renewal option selected in accordance with Notice H-99-36, and indicates a request to combine multiple contracts. The owner includes all applicable required supporting documentation in accordance with the option selected for renewal. Owners may combine multiple contracts on a single project but not multiple contracts across multiple projects.	Contract Administrator.
Upon Approval of Combination	Signs combined contract and returns to the CA.	Contract Administrator

CONTRACT ADMINISTRATOR (CA)

TIMELINE	TASK	TEAM
120 Days Prior to Contract Expiration	CA logs the owner's Attachment 4 and Option Renewal Worksheet into REMS.	Owner
	Verifies that contracts are eligible for combining.	
If Not Eligible	Notifies owner in writing if the contracts specified are not eligible for combining.	
If Eligible	CA issues a short term renewal at current contract rents or terminates the latter expiring contract in order to align the contract expiration dates.	
	Forwards new rent levels to Hub/PC for review and approval and updates REMS.	
	Prepares combined contract and sends to owner for signature. CA notifies FMC of rent levels for funds reservation.	Owner
After Receipt of Signed Contract from Owner	Executes contract and forwards copies to the appropriate parties, including FMC.	
	Updates ARAMS, TRACS, and REMS as applicable.	



2.1.8.2

**Combining Contracts Process
Task Matrix**

FMC		
TIMELINE	TASK	TEAM
After Notification of New Rent Levels from CA	Reserves funding.	Contract Administrator



2.1.8.3 *Current and Future State Combining Contracts Process Matrix*



HUD Project Based Section 8 HAP Contract Administration

Processes & Procedures DRAFT

2.1.8.3 Current and Future State Combining Contracts Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
<p>1. Ninety (90) days prior to contract expiration, the owner submits Attachment 4 of the 99-08 indicating that he/she wishes to combine multiple Section 8 contracts.</p> <p>Owners may combine multiple contracts on a single project but may not combine multiple contracts across multiple projects.</p>	Owner	<u>Future State</u> 120 Days Prior to Contract Expiration	<p>1. The owner submits Attachment 4 and the applicable Option Renewal Worksheet for renewal in accordance with Notice H 99-36, indicating the request to combine multiple Section 8 contracts. The owner also includes any required supporting rental increase documentation as required under the Renewal Option process, if applicable, this includes a signed Form HUD 9250, Reserve for Replacements form.</p> <p>Owners may combine multiple contracts on a single project but may not combine multiple contracts across multiple projects.</p>	Owner	
<p>2. After receiving Attachment 4 of 99-08 from the owner, the HUD PM enters a record of the receipt of this document into REMS, and determines new contract authority of contract combination.</p>	HUD Hub/Field Office Project Manager	After Receiving Attachment 4 and Option Renewal Worksheet, 120 Days Prior to Contract Expiration.	<p>2. After receiving Attachment 4 and the Option Renewal Worksheet from the owner, the CA logs it into REMS. The CA verifies that the contracts are eligible for combining. If not eligible, notifies owner in writing.</p>	Contract Administrator	



HUD Project Based Section 8 HAP Contract Administration

Processes & Procedures DRAFT

2.1.8.3 Current and Future State Combining Contracts Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
3. Upon receipt of Attachment 4 from the owner, the HUD PM must review the owner's packet and examine LOCCS to determine how the combination of contracts will impact rents.	HUD/Hub Field Office Project Manager	After Receiving Attachment 4 and Option Renewal Worksheet, and 120 Days Prior to Contract Expiration	3. CA issues a short term renewal at current contract rents or terminates the latter expiring contract in order to align the contract expiration dates.	Contract Administrator	HUDCAPS Conversion
4. After review of the owner's packet and examining LOCCS, the HUD PM must reserve funding in TRACS.	HUD/Hub Field Office Project Manager	After review of owner's request, and 120 days prior to contract expiration.	4. Prepares one contract renewal for all units. Forwards to Hub/PC for review and approval. HUD advises the CA of the approved rents.	Contract Administrator	
5. After reviewing the owner's packet and examining LOCCS, the HUD PM must forward all relevant information to a voucher analyst at FMC.	HUD/Hub Field Office Project Manager	After review of owner's renewal request, and 120 days prior to contract expiration.	5. CA inputs applicable renewal rent levels into REMS.	FMC and Contract Administrator	
6. If the HUD PM's analysis determines that the LOCCS Threshold would be exceeded, payment is stopped, and the MAT30 is sent to FMC for review.	HUD/Hub Field Office Project Manager	After review of owner's renewal request, and 90 days prior to contract expiration.	6. CA prepares combined contracts and sends to owner for signature.	Contract Administrator and Owner	
7. Upon receipt, FMC will review the MAT 30.	FMC	Upon receipt of Mat 30	7. N/A	N/A	
8. Once HUD HQ receives information entered into TRACS by HUD PM, HQ reserves funds appropriately.	HUD HQ	After receipt of data on TRACS, and 120 days prior to contract expiration.	8. Upon receipt of signed contract combination, CA executes the contract and sends copies to the	Contract Administrator	The Section 8 Contract Administration Implementation



HUD Project Based Section 8 HAP Contract Administration

Processes & Procedures DRAFT

2.1.8.3 Current and Future State Combining Contracts Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
<p>HUD REFERENCE MATERIALS:</p> <p>Notice H 99-36 Email-Instructions to the Field Revised 09/03/1999 HUD-52670 (MAT30) HUD-50059 (MAT10) Termination Record (MAT65)</p>			appropriate parties, including FMC. Inputs approved rent levels into ARAMS, TRACS and REMS, as applicable.		Team id developing a protocol between Multifamily and FMC.
<p>9. Once Attachment 4 of 98-34, and 99-15 are submitted, the owner must submit the following using TRACS. A MAT 65 for each household being transferred to another contract. An initial certification MAT 10 for each household under the contracts being terminated and added to the renewal contract.</p>	Owner	During Contract Renewal Process	9. Not Applicable		
<p>10. Upon receipt of the MAT 65 and MAT 10 data through TRACS, the HUD PM must combine the contracts in question. The HUD PM should assign the number of the earliest expiring contract to the newly combined contract. Exhibit B serves as</p>	HUD/Hub Field Office Project Manager	Upon receipt of MAT 65 and MAT 10 through TRACS, from owner.	10. Not Applicable		



HUD Project Based Section 8 HAP Contract Administration

Processes & Procedures DRAFT

2.1.8.3 Current and Future State Combining Contracts Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
an Attachment to the newly combined contract.					
11. Once the contracts have been combined, the HUD PM must enter new information into TRACS	HUD/Hub Field Office Project Manager	Upon receipt of MAT 65 and MAT 10 through TRACS, from owner.	11. Not Applicable		



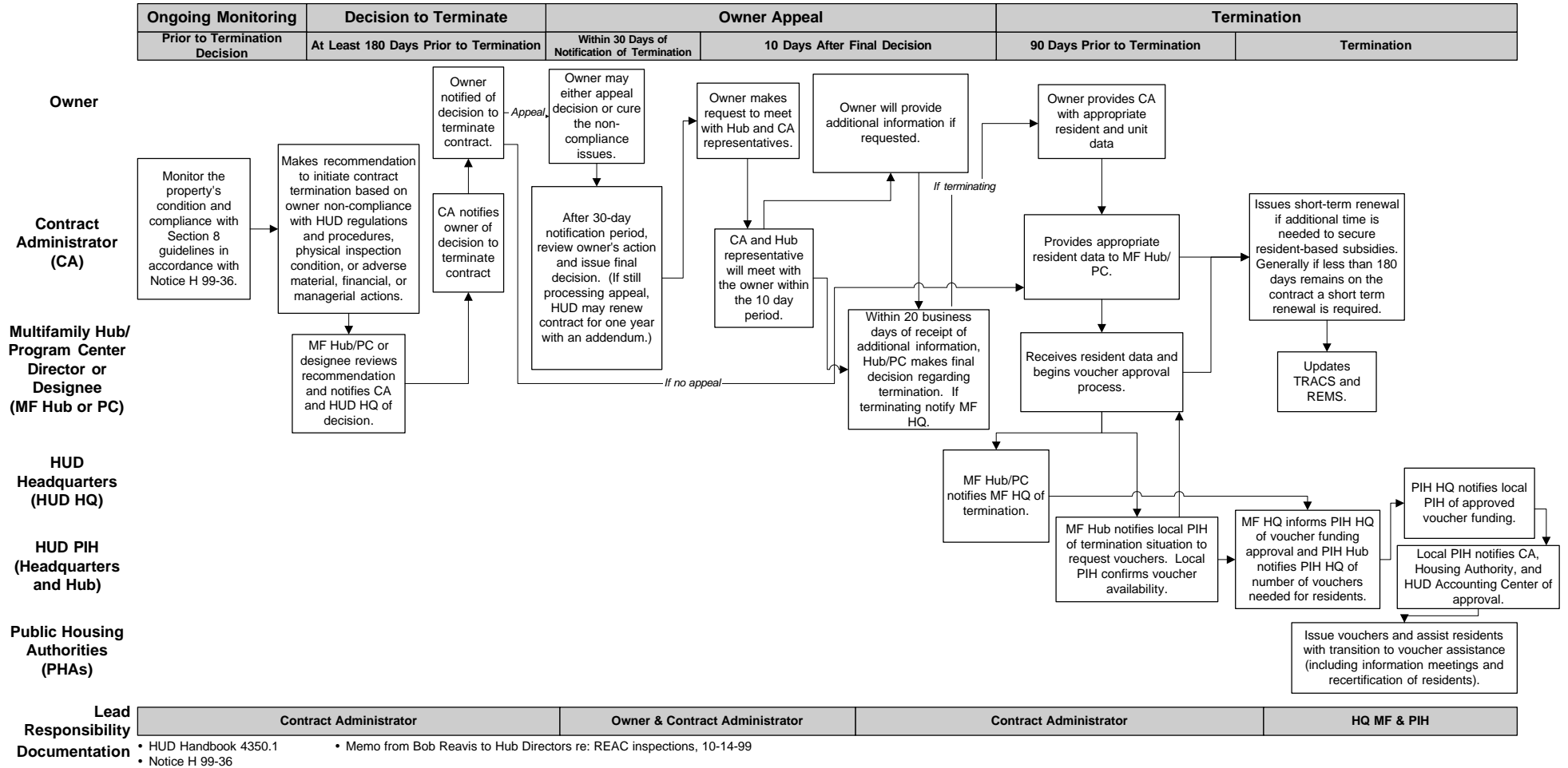
2.1 CONTRACT MANAGEMENT

2.1.9 *CONTRACT TERMINATION*



2.1.9.1 *Future State Contract Termination Process Flow Chart*

HUD HAP Contract Management: HUD Termination of a HAP Contract Process





2.1.9.2 *Future State Contract Termination Task Matrix*



2.1.9.2

**Contract Termination
Task Matrix**

OWNER

TIMELINE	TASK	TEAM
At Least 180 Days Prior To Termination	Notified of HUD decision to terminate contract.	HUD
Within 30 Days of Notification of Termination	Owner may provide written objection or cure the identified problems.	Contract Administrator
10 Days After CA's Decision	May request a meeting with Hub/PC.	MF Hub/PC
	Owner can appeal the decision and request a conference to discuss the issues with the Hub/PC. If owner has additional information to provide for consideration, it must be done at this time.	MF Hub/PC
90 Days Prior to Termination	Provide CA with Resident and Unit data (Form 50059 and rent roll).	Contract Administrator

CONTRACT ADMINISTRATOR (CA)

TIMELINE	TASK	TEAM
Prior to Termination (Ongoing)	Monitors the property's condition and compliance with Section 8 guidelines	
At Least 180 Days Prior to Termination	Makes recommendation to MF Hub/PC to initiate contract termination process if the project does not meet the physical condition standards for HUD housing or the owner has engaged in material adverse financial or managerial actions or omissions with regard to the project or other HUD affiliated projects. See Notice H 99-36, Sections XIX and XX for specific guidance.	MF Hub/PC
After Receipt of Hub's Decision	Notify owner of decision to terminate contract	Owner
Within 30 Days of Notification of Termination If Owner Appeals	After 30-day notification period, review owner's action and issue final decision. (If still processing appeal, HUD may renew contract for one year with an addendum.)	Owner
10 Days After HUD's Final Decision	If requested by owner, CA and Hub/PC will meet with the owner within a 10 day period.	MF Hub/PC
Within 20 Business Days of	MF Hub/PC makes final decision	MF Hub/PC



2.1.9.2

**Contract Termination
Task Matrix**

CONTRACT ADMINISTRATOR (CA)

TIMELINE	TASK	TEAM
Receipt of Additional Information	to terminate the contract. Notifies Office of Portfolio Management at HUD Headquarters if terminating.	
90 Days Prior to Termination	Provide Hub/PC with appropriate resident data.	MF Hub/PC
Contract Termination	Issue short-term renewal if additional time is needed to secure resident-based subsidies. (Generally, if less than 180 days remain on the contract, a short-term renewal is required.)	
	If processing an appeal, Hub/PC may renew for a year with an addendum allowing for termination.	
	Update ARAMS, TRACS and REMS as applicable.	

MULTIFAMILY HUB/PC DIRECTOR OR DESIGNEE (Hub/PC)

TIMELINE	TASK	TEAM
At Least 180 Days Prior to Termination	Multifamily Hub/PC Director or designee reviews recommendation and notifies CA of decision.	Contract Administrator
During Owner Appeal (10 Days After CA Final Decision)	Modifies or affirms initial decision with input from CA.	Contract Administrator
Within 20 Business Days of Receipt of Additional Information	Hub/PC makes final decision regarding contract termination. Notifies MF HQ if terminating.	Contract Administrator
90 Days Prior to Termination	Receives resident data and begins voucher approval process. May advise CA to issue a short-term renewal.	Contract Administrator
	Notifies local PIH and Community Builders of termination.	Local PIH

HUD MULTIFAMILY HEADQUARTERS

TIMELINE	TASK	TEAM
At Least 90 Days Prior to Termination	Receives notice from Multifamily Hub/PC of termination. Processes request for voucher funding from Hub/PC.	Multifamily Hub/PC
Termination Finalization	Informs PIH Headquarters of	PIH Headquarters



2.1.9.2

**Contract Termination
Task Matrix**

HUD MULTIFAMILY HEADQUARTERS

TIMELINE	TASK	TEAM
(Immediately Prior to Contract Termination)	voucher funding approval.	

PUBLIC AND INDIAN HOUSING (PIH) HEADQUARTERS

TIMELINE	TASK	TEAM
Termination Finalization (Immediately Prior to Contract Termination)	PIH Headquarters is notified by Multifamily Headquarters of voucher funding approval.	Multifamily Headquarters
	PIH Headquarters is notified by PIH Hub of number of vouchers needed for residents.	PIH Hub
	PIH Headquarters approves voucher funding and notifies local PIH.	

LOCAL PUBLIC AND INDIAN HOUSING (PIH)

TIMELINE	TASK	TEAM
At Least 120 Days Prior to Contract Termination	Local PIH is notified by Multifamily Hub/PC of need to secure vouchers as a result of contract termination.	Multifamily Hub/PC
Termination Finalization (Immediately Prior to Contract Termination)	Local PIH is notified by Hub/PC of final termination date is vouchers have not already been secured.	Multifamily Hub/PC
	Confirms voucher availability.	
	Local PIH notifies PIH Headquarters of number of vouchers needed for residents.	PIH Hub and Headquarters
	Local PIH submits approval to the Public Housing Authorities (PHAs) for vouchers.	Public Housing Authorities
	Notify HUD Accounting Center of contract termination.	HUD Accounting Center

PUBLIC HOUSING AUTHORITIES (PHAs)

TIMELINE	TASK	TEAM
Termination Finalization (Immediately Prior to Contract Termination)	Receives voucher approval from local PIH.	Local PIH
	Issues vouchers and assists residents with transition to voucher assistance (including	



2.1.9.2

**Contract Termination
Task Matrix**

PUBLIC HOUSING AUTHORITIES (PHAs)

TIMELINE	TASK	TEAM
	informational meetings and recertification of residents).	



2.1.9.3 *Current and Future State Contract Termination Process Matrix*



2.1.9.3 Current and Future State Contract Termination Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
1. Prior to contract termination, the HUD PM must monitor the condition of a project property using REAC inspections. HUD REFERENCE MATERIALS: Enforcement Center procedures. page 7.	HUD/Hub Field Office Project Manager	Ongoing	1. Prior to contract termination, the CA monitors the condition of a project property using appropriate resources and systems. The CA also follows up on owner corrective action plans/MIO, or other action as applicable.	Contract Administrator	
2. Due to non-compliance with HUD regulations and procedures, the HUD PM may make a decision to terminate a rental contract with an owner. The Hub Director has final sign-off authority regarding contract termination. This decision is made 180 days prior to termination.	HUD/Hub Field Office Project Manager	180 Days Prior to Termination	2. An owner's non-compliance with HUD regulations and procedures, physical inspection conditions that are not corrected, material adverse financial or managerial actions are all situations that constitute a basis for a CA to recommend termination of the HAP contract.	Contract Administrator	
3. The Hub Director must consider the availability of relocation monies and suitable housing before terminating any rental contract.	HUD/Hub Field Office Director	180 Days Prior to Termination	3. CA contacts MF Hub/PC with termination recommendation. MF Hub/PC Director or designee makes decision and notifies CA.	MF Hub/PC Director or Designee	
4. If the Hub Director approves contract termination, the HUD PM must notify the property owner of this decision. Owner has 30 days to make improvements. A short term	HUD/Hub Field Office Project Manager	180 Days Prior to Termination	4. If the Hub/PC Director or designee approves the contract termination, the CA must notify the owner of this decision. Owner has 30 days to provide written objections to	Hub/PC Director and Contract Administrator	



2.1.9.3 Current and Future State Contract Termination Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
<p>contract may be provided to this property for 180 days while the termination is being processed.</p> <p>HUD REFERENCE MATERIALS:</p> <p>Memo to Hub directors from Bob Reavis, 10-14-99 on REAC Inspections.</p>			<p>the CA or cure the problems identified.</p> <p>A short term contract may be executed for 180 days while the termination is being processed.</p>		
5. Owner has the right to object through the appeal process or cure the problems identified.	Owner	Within 30 Days of Notification of Termination	5. Owner has the right to object through the appeal process or cure the problems identified.	Owner	
6. At the end of a 30 day period following the notification of termination to the owner, HUD will review the Owner's action intended to remedy the conditions leading to termination, if any are taken by the owner, and issue a final decision.	HUD/Hub Field Office Project Manager	Within 30 Days of Notification of Termination (If Owner Appeals)	6. At the end of a 30 day period following the notification of termination to the owner, CA will review the Owner's action intended to remedy the conditions leading to termination, if any are taken by the owner, and issue a decision.	Contract Administrator	
7. If still processing an appeal, HUD may renew for one year with an addendum.	HUD/Hub Field Office Project Manager	Within 30 Days of Notification of Termination	7. If still processing an appeal, HUD may renew for one year with an addendum.	Contract Administrator	
8. After being notified of HUD's decision to terminate a contract, an owner can appeal the decision and request a	Owner	10 Days After HUD's Decision	8. After being notified of the decision, an owner can submit a written appeal to the Hub/PC and request a conference to discuss the	Owner	



HUD Project Based Section 8 HAP Contract Administration

Processes & Procedures DRAFT

2.1.9.3 Current and Future State Contract Termination Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
conference to discuss the issues with the Hub that has jurisdiction over the project. The Owner must provide additional information to HUD at the HUD Hub Director's request.			issues.		
9. If the owner requests a meeting after learning of HUD's decision to terminate contract(s) for his/her property, a representative of the Hub will meet with the owner within the 10 day period following HUD's termination decision.	HUD/Hub Field Office Project Manager	Within 10 days of owner's request for a conference	9. The Hub/PC Director or designee will meet with the owner within the 10 day period following HUD's termination decision and/or the owner may provide additional information for consideration and establish a mutually agreeable deadline for the submission of the material.	Multifamily Hub/PC Project Manager	
10. Within 20 business days of receipt of additional information from an owner regarding termination, the Hub will either terminate, modify, or affirm the original termination decision.	HUD/Hub Field Office Project Manager	Within 20 days of owner/Hub/PC conference or the submission of additional material	10. The Hub/PC will advise the owner of the decision to either modify or affirm the initial decision to terminate. The Hub/PC must notify MF HQ of final decision to terminate.	HUD/Hub Field Office Project Manager	
11. Ninety (90) days prior to termination, the owner will provide Resident and Unit data (Form 50059 and rent roll) to	Owner	90 Days Prior to Termination	11. CA forwards resident data to MF Hub/PC.	Contract Administrator, MF Hub/PC	



HUD Project Based Section 8 HAP Contract Administration

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2.1.9.3 Current and Future State Contract Termination Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
HUD.					
12. Within ninety (90) of termination, the HUD PM must notify the PIH and HUD community builders of ensuing termination.	HUD/Hub Field Office Project Manager	90 Days Prior to Termination	12. CA issues a short term renewal if necessary.	Contract Administrator	
14. The HUD PM must notify OMF of corresponding funding needs within ninety (90) of termination.	HUD/Hub Field Office Project Manager	90 Days Prior to Termination	13. MF Hub/PC receives resident data and begins voucher approval process.	MF Hub/PC	
15. Within ninety (90) of termination , the HUD PM must assist residents with the transition from to vouchers.	HUD/Hub Field Office Project Manager	90 Days Prior to Termination	14. MF Hub/PC notifies MF HQ of termination.	MF Hub/PC	
16. If processing an appeal within ninety (90) of termination, HUD may renew a contract for a year with an addendum allowing for termination	HUD/Hub Field Office Project Manager	Renewal occurring 90 Days Prior to Termination	15. If processing an appeal within ninety (90) of termination, CA may renew a contract for a year with an addendum allowing for termination	Contract Administrator	
17. Within ninety (90) of termination , the HUD PM must notify HQ PIH of corresponding funding needs.	HUD HQ Multifamily	90 Days Prior to Termination	16. MF Hub/PC notifies local PIH of termination and requests vouchers. Local PIH confirms voucher availability.	MF Hub/PC	
18. Within ninety (90) of termination , HUD HQ PIH notify the Field Office of funding availability.	HUD HQ PIH	90 Days Prior to Termination	17. Within ninety (90) of termination, HUD HQ PIH notify the Field Office of funding availability.	HUD HQ PIH	
19. Ninety (90) days prior to termination, the Field PIH	Field Office PIH	90 Days Prior to Termination	18. MF HQ informs PIH HQ of voucher funding approval and	MF HQ, PIH HQ, Local PIH	



2.1.9.3 Current and Future State Contract Termination Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
must work with HUD to identify a PHA to administer vouchers related to property facing termination.			local PIH notifies PIH HQ of number of vouchers needed for residents.		
20. Within ninety (90) days prior to termination, the Field Office PIH must organize tenant meetings related to upcoming termination.	Field Office PIH	90 Days Prior to Termination	19. Within ninety (90) days prior to termination, the local PIH must organize tenant meetings related to upcoming termination. Local PIH also notifies HUD Accounting Center of contract termination.	Local PIH	
21. Selected PHAs must assist Field Office PIH in organizing tenant meetings.	PHAs	90 Days Prior to Termination	20. Selected PHAs must assist local PIH in organizing tenant meetings.	PHAs	
22. At termination, the HUD HQ PIH must approve funding for vouchers.	HUD HQ PIH	At Termination	21. At termination, the HUD HQ PIH must approve funding for vouchers. Notifies local PIH of approved funding.	PIH HQ, Local PIH	
23. Once vouchers are approved, the PHA is responsible for issuing vouchers.	PHAs	Immediately upon voucher approval from HUD HQ PIH.	22. Issue vouchers and assist residents with transition to voucher assistance (including informational meetings and recertification of residents.)	PHAs	



2.1 CONTRACT MANAGEMENT

2.1.10 *AAF RENTAL ADJUSTMENTS*

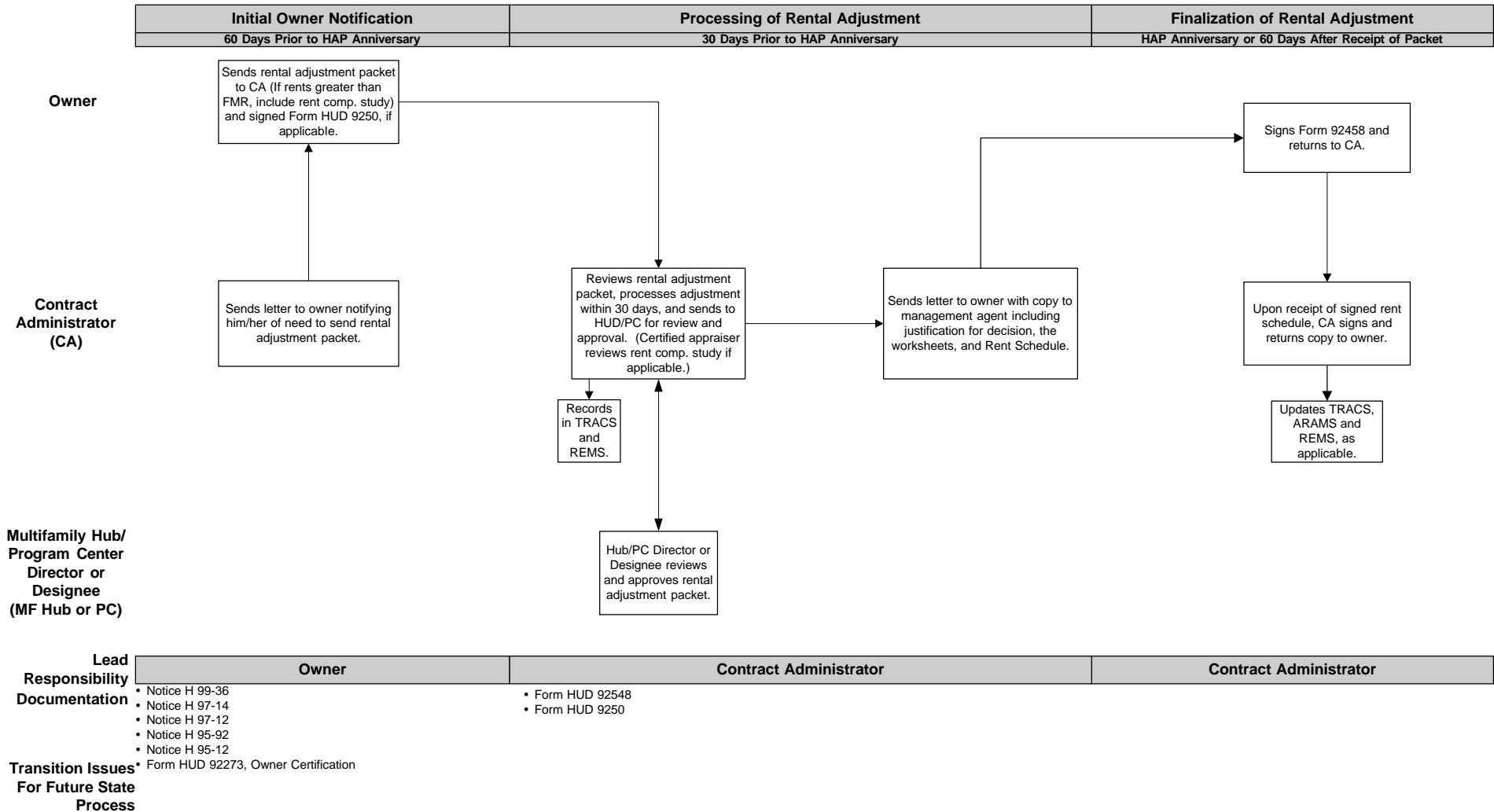


2.1.10.1 Future State AAF Rental Adjustments Process Flow Chart

2.1.10.1

HUD HAP Contract Management: AAF Rental Adjustment Process

DRAFT 2-00





2.1.10.2 *Future State AAF Rental Adjustments Task Matrix*



2.1.10.2

AAF Rental Adjustments

Task Matrix

OWNER

TIMELINE	TASK	TEAM
60 Days Prior to HAP Contract Anniversary, After Receipt of CA's Letter	Send AAF rental increase request to CA, including worksheets, unit turnover/non-turnover data, rent comparability study, and Form HUD 9250.	Contract Administrator
HAP Contract Anniversary or 60 Days After Receipt of AAF Rental Increase Request	Complete and sign Form HUD 92548 and return to CA.	Contract Administrator

CONTRACT ADMINISTRATOR (CA)

TIMELINE	TASK	TEAM
At Least 60 Days Prior to HAP Contract Anniversary	If applicable, notifies owner of need to submit AAF rental increase request.	Owner
Within 30 Days of Receipt of AAF Rental Increase Request	The receipt of the rent increase request begins the rent increase process.	
	Log receipt into REMS.	
	Process the AAF in accordance with Notice 95-12 and subsequent notices and submit to HUD for review/approval.	
	Send response letter to the owner and a copy to the management agent. Justify the approved rents or the reason that an increase was denied. Identify any increases to the Replacement Reserve deposits, include 92548 Rent Schedule for owner's signature.	Owner/ Management Agent
	If Replacement Reserve deposits are to be increased, Form 9250 must be prepared and copies sent to the owner, management agent, and HUD.	Owner, Management Agent HUD
HAP Contract Anniversary or 60 Days After Receipt of Packet	Upon receipt of signed rent schedule, CA signs and returns to the owner.	Owner
	Update REMS, ARAMS and TRACS, if applicable.	



2.1.10.3 Current and Future State AAF Rental Adjustments Process Matrix



2.1.10.3 Current and Future State AAF Rental Adjustments Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
1. Sixty (60) days prior to HAP anniversary, the HUD PM must send a letter to the owner, notifying him or her of the need to send rent a increase packet to HUD.	HUD/Hub Field Office Project Manager	60 Days Prior to HAP Anniversary	1. Sixty (60) days prior to HAP anniversary, the CA notifies the owner of need to submit the AAF rental increase.	Contract Administrator	
2. Upon receiving notification from HUD, the owner must send the rent increase packet to HUD: If the current rent exceeds the fair market rent the owner should send a rent comparability study in accordance with 98-34 Attachment. If information is not received until after 60 days prior to HAP anniversary, the rent increase will not go into effect until 60 days after the receipt of the packet. If rents are below fair market rent, then the owner is only required to provide turnover data to HUD.	Owner	60 Days Prior to HAP Anniversary	2. The owner sends the AAF rental request in accordance with 95-12 and subsequent notices.	Owner	
3. Once HUD receives the rent increase packet (which should be no later than 30 days prior to HAP anniversary) the AAF rental adjustment process	HUD/Hub Field Office Project Manager		3. The CA receives the rental increase request (which should be no later than 30 days prior to HAP anniversary) and the AAF rental adjustment process	Contract Administrator	



2.1.10.3 Current and Future State AAF Rental Adjustments Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
begins: First, the HUD PM must update TRACS & REMS. The Asset Management and Rent Processing fields are updated when the complete AAF packet is received. The PM has 30 days in which to process the AAF adjustment.			begins. The CA updates REMS.		
4. Thirty days prior to the HAP anniversary, the PM reviews the fair market rents for each unit type. The AAF factors for each specific region are used.	HUD/Hub Field Office Project Manager	30 Days prior to HAP Anniversary	4. The CA reviews the AAF rental increase request in accordance with Notice 95-12 and subsequent notices and submits to HUD for review/approval.	Contract Administrator	
5. The PM must perform the following duties, each of which must be completed at least thirty (30) days prior to HAP anniversary: process AAF rental adjustment. Calculate rents for turnover and non-turnover units (a replacement reserve deposit increase is calculated at the same time.) The HUD PM may require a rent comparability study to complete these duties.	HUD/Hub Field Office Project Manager	30 Days prior to HAP Anniversary	5. Not Applicable.		



HUD Project Based Section 8 HAP Contract Administration

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2.1.10.3 Current and Future State AAF Rental Adjustments Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
6. Once AAF processing has been completed, the HUD PM must prepare a letter to the owner, with a copy provided to the management agent as well. The letter must annotate the approved calculated rent or provide a reason why no increase has been granted. The letter must also identify any increase in the replacement reserve deposit. The letter must include 92458 Rent Schedule for owner signature.	HUD/Hub Field Office Project Manager	30 Days prior to HAP Anniversary	6. The CA must send a letter to the owner and a copy to the management agent. The CA must identify the approved rents or justify reasoning why an increase was denied and any increase in the replacement reserves deposits, and include 92458 Rent Schedule for owner signature.	Contract Administrator	
7. If the PM determines that replacement reserves must be increased, Form 9250 must be prepared and sent to owner, management agent.	HUD/Hub Field Office Project Manager	30 Days prior to HAP Anniversary, upon determination that replacement reserves deposits must be increased	7. Not Applicable.		
8. The owner must sign Form 92548 and return it to HUD	Owner	HAP Anniversary or 60 Days After Receipt of AAF Rental Increase Request	8. The owner signs Form 92548 and returns to CA	Owner	
9. Upon receipt of signed rent	HUD/Hub Field	Upon receipt of	9. CA executes and returns Rent	Contract	



HUD Project Based Section 8 HAP Contract Administration

Processes & Procedures DRAFT

2.1.10.3 Current and Future State AAF Rental Adjustments Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
schedule, HUD PM must sign these documents and returns them to the owner.	Office Project Manager	signed rent schedule	Schedule copy to the owner.	Administrator	
10. HUD PM updates TRACS and REMS.	HUD/Hub Field office Project Manager	Upon receipt of signed rent schedule	10. CA updates ARAMS, TRACS and REMS, if applicable.	Contract Administrator	



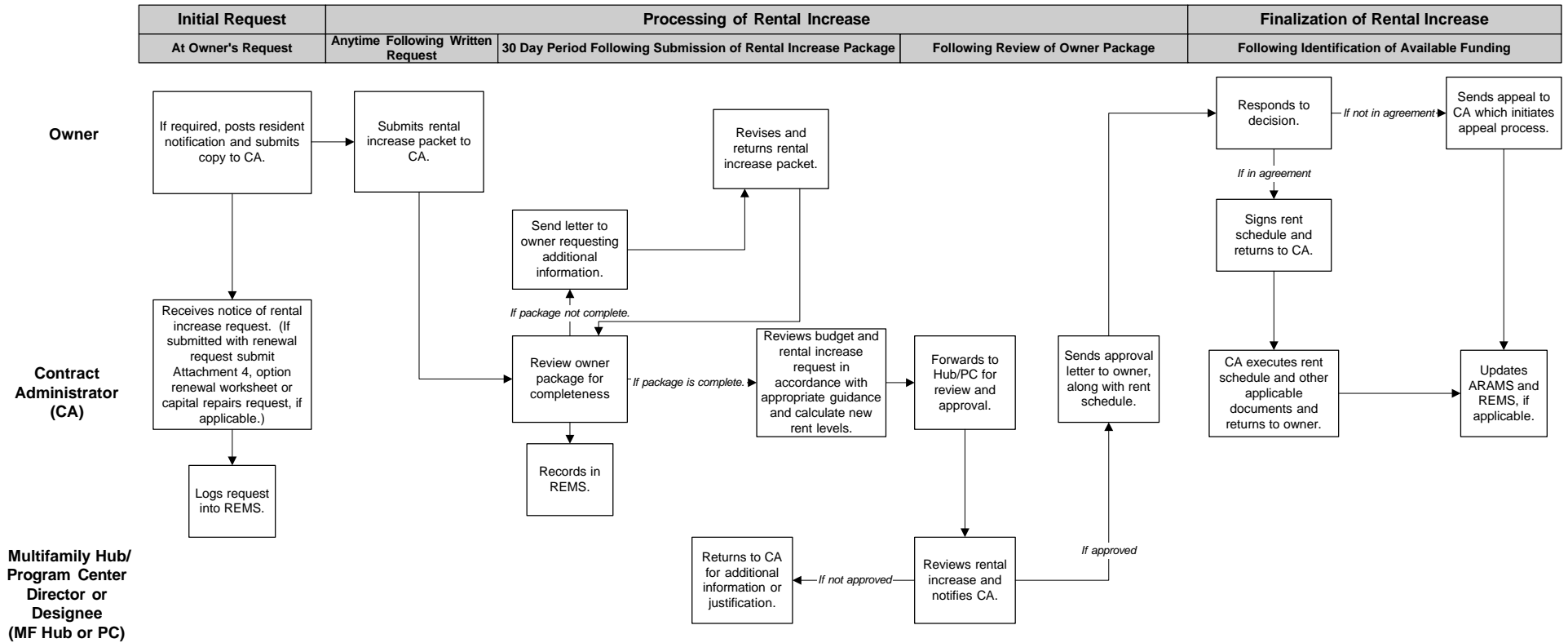
2.1 CONTRACT MANAGEMENT

2.1.11 BUDGET BASED RENTAL ADJUSTMENTS



2.1.11.1 Future State Budget Based Rental Adjustments Process Flow Chart

HUD HAP Contract Management: Budget Based Rental Increase Process



Lead Responsibility Documentation

Owner	Owner	Contract Administrator	Contract Administrator	Owner
<ul style="list-style-type: none"> HUD Handbook 4370.2 HUD Handbook 4350.1, Rev.1, Chapter 7 Regulatory Agreement Form HUD 9250 HAP Contracts 		<ul style="list-style-type: none"> Form HUD 92458 (rent schedule) Notice H 99-36 		

Transition Issues For Future State Process

- When should the CAs contact FMC for additional funds? Should there be an internal checking process for the CAs before they contact FMC?



2.1.11.2 Future State Budget Based Rental Adjustments Task Matrix



2.1.11.2

Budget Based Rental Increase

Task Matrix

OWNER

TIMELINE	TASK	TEAM
At Owner's Request	If property is subject to tenant notification requirements, owner posts notice and submits copy to the CA.	Contract Administrator
Anytime Following Written Notification	<p>Submit a written request for a Budget Based rental increase or Budget Based increase for capital repairs to CA.</p> <p>Note: The option for Capital repairs is new and is an addition to existing policy on budget-based rent increases and does not replace any existing options for owners. However, specific eligibility criteria, additional procedures, and provisions apply.</p> <p>The CA and owner must carefully review the provisions of this new option in Notice H 99-36, Chapter XXII.</p>	Contract Administrator
Anytime Following Written Request	Submit rental increase request to CA. Supporting documents include budget worksheet, brief statement including line item increases of over 5%, an executed copy of the owner's certification for Purchasing Practices and Reasonableness of Expenses, a signed 9250 and a copy of the rent schedule.	Contract Administrator
Following CA Notification That Rental Increase Is Not Complete	Owner revises and returns rental increase to CA, as necessary.	Contract Administrator
Following Identification of Available Funding.	If owner in agreement with the proposed increase, sign the rent schedule and HAP contract if applicable, and returns to CA.	Contract Administrator
Appeal Process – within 30 days of receipt of letter	If owner not in agreement with proposed rent increase, may begin the appeal process. (See the process outlined in HUD Handbook 4350.1, Rev. 1, Chapter 7.)	Contract Administrator



2.1.11.2

**Budget Based Rental Increase
Task Matrix**

CONTRACT ADMINISTRATOR (CA)

TIMELINE	TASK	TEAM
During 30 Days Following Submission of Rental Increase Request	Review owner rental increase for completeness.	Owner
	Send letter to owner requesting additional information, as necessary.	Owner
	Logs into REMS.	
	Reviews budget and rental increase request in accordance with existing guidance.	
	Sends entire rental increase request to Hub/PC for review and approval.	Multifamily Hub or Field Office
Following HUD Approval of Rental Increase	Send approval letter, revised rent schedule, and HAP contract, if applicable, to owner.	Owner
Following HUD Disapproval of Rental Increase	CA receives disapproved notification from Hub/PC and then notifies the owner.	Multifamily Hub or Field Office Owner
Following Return of Owner's Signed Rent Schedule.	Update ARAMS, TRACS and REMS.	

MULTIFAMILY HUB/PROGRAM CENTER (MF Hub/PC)

TIMELINE	TASK	TEAM
Following CA Review of Owner Request	Approves rental increase and notifies CA in writing.	Contract Administrator
	If rent increase is disapproved, Hub/PC notifies the CA.	Contract Administrator



*2.1.11.3 Current and Future State Budget Based Rental Adjustments Process
Matrix*



2.1.11.3 Current and Future State Budget Based Rental Adjustments Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
1. Owners will submit written requests for rental increase to HUD on an “as needed” basis.	Owner	At HAPC renewal or as needed	1. Owners submit written requests for rental increase to CA in accordance with HAPC renewal procedures, including Attachment 4 and Option Renewal Worksheet or Capital Repairs request, if applicable or on an “as needed” basis. If subject to resident notification requirements, submits supporting documentation.	Owner	
2. Following a written rental increase request the owner must submit a packet of information related to the rental increase, to HUD. Supporting documents in the packet provided by the owner to HUD include a budget worksheet, a brief statement explaining increases in line items of over 5%, an executed copy of the owner’s certification for Purchasing Practices and Reasonableness of Expenses, a signed 9250, and a copy of the rent schedule.	Owner	Following written request to CA	2. Following the submission of a written rental increase request, the owner submits all supporting documentation to the CA. Documents may consist of an Attachment 4, Option Renewal Worksheet, a budget worksheet, a brief statement explaining increases in line items of over 5%, an executed copy of the owner’s certification for Purchasing Practices and Reasonableness of Expenses, a signed Form HUD 9250 and a rent schedule.	Owner	
3. During the thirty (30) days	HUD Hub/Field Office	During 30 Days	3. During the thirty (30) days	Contract	When should the CA



2.1.11.3 Current and Future State Budget Based Rental Adjustments Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
following submissions of rental increase information packet, the HUD PM must review the owner packet and if complete, calculate relevant rental increases.	Project Manager	Following Submissions of Rental Increase	following submission of the rental increase, the CA reviews the rental increase and all supporting documentation. If complete, proceed to step 5.	Administrator	contact the FMC for additional funds? She there be an internal checking process for the CA first?
4. During the thirty (30) days following submissions of rental increase information packet, the HUD PM must send a letter to the owner if elements are missing from the packet.	HUD Hub/Field Office Project Manager	During 30 Days Following Submissions of Rental Increase	4. During the thirty (30) days following submissions of the rental increase, the CA must send a letter to the owner if information is missing from the request.	Contract Administrator	
5. If the information packet from the owner is complete, the HUD PM must enter the project action into REMS.	HUD Hub/Field Office Project Manager	During 30 Days Following Submissions of Rental Increase	5. If rental increase is complete, the CA logs into REMS.	Contract Administrator	
6. HUD PM reviews budget and rental increase in accordance with guidance.	HUD Hub/Field Office Project Manager	During 30 Days Following Submissions of Rental Increase	6. CA reviews budget and rental increase in accordance with guidelines in HUD Handbook 4350.1, REV-1, Chapter 7.	Contract Administrator	
7. Following the review of the owner rent increase packet the PM checks availability of funds with FMC.	HUD Hub/Field Office Project Manager	Following Review of Rental Increase	7. CA forwards entire rental increase to HUD for review and approval.	Contract Administrator	
8. PM approves rent increase.	HUD Hub/Field Office Project Manager	Following Review of Rental Increase	8. HUD notifies CA of approval/disapproval.	Hub/PC	
9. Following the identification of available funding, the HUD PM must send a letter to the owner	HUD Hub/Field Office Project Manager	Following Identification of Available Funding	9. If approved, CA verifies funding availability in ARAMS and sends letter to owner, along	Hub/PC	



2.1.11.3 Current and Future State Budget Based Rental Adjustments Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
with rent schedule			with rent schedule. If rental increase is not approved, return to CA for additional information or justification.		
10. If in agreement with the rent schedule letter received from the PM, the owner signs the rent schedule and returns it to HUD.	Owner	Following Verification of Available Funding	10. Owner signs the rent schedule and returns it to CA.	Owner	
11. Once the owner signs the rent schedule, the HUD Hub PM must update REMS/TRACS accordingly.	HUD Hub/Field Office Project Manager	Following Return of Owner's Signed Rent Schedule	11. Owner returns rent schedule to CA for execution. CA updates REMS, ARAMS and TRACS.	Contract Administrator	
12. If the owner is not in agreement with HUD's decision on rent adjustments, the owner may begin an appeal process with HUD.	Owner	Appeal Process - within 30 days of receipt of letter	12. If the owner disagrees with the rental increase, the owner may begin the appeal process with CA. See process outlined in HUD Handbook 4350.1, Rev. 1, Chapter 7.	Owner	



2.1 CONTRACT MANAGEMENT

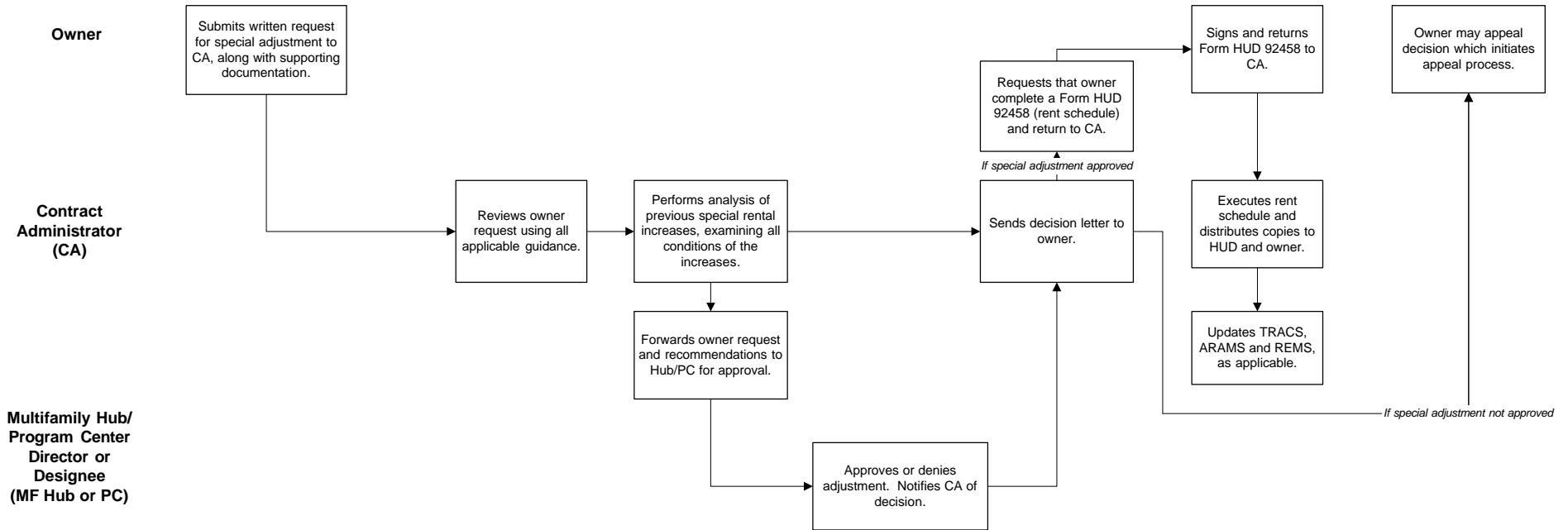
2.1.12 SPECIAL ADJUSTMENTS



2.1.12.1 Future State Special Adjustments Process Flow Chart

HUD HAP Contract Management: Special Rental Adjustments (AAF) Process

Initial Request	Processing of Rental Adjustment	Finalization of Rental Adjustment
Anytime The Owner Feels That a Special Rent Increase is Needed	Following Receipt of Request	Following Hub/PC Decision



Lead Responsibility Documentation

- HUD Handbook 4350.1, Rev. 1, Chapter 34
- HUD Handbook 4350.1, Ch. 7

Transition Issues For Future State Process



2.1.12.2 *Future State Special Adjustments Task Matrix*



2.1.12.2

Special Rental Adjustments (AAFs)

Task Matrix

OWNER

TIMELINE	TASK	TEAM
Anytime The Owner Feels That A Rent Increase Is Needed.	Sends a written request and supporting documentation to CA.	Contract Administrator
Following CA Notification of Final Decision	If approved for an increase and in agreement with proposed rents, sign and return Form 92458 to CA.	Contract Administrator
	If not in agreement with CA and Hub/PC decision, may request an appeal.	Contract Administrator

CONTRACT ADMINISTRATOR (CA)

TIMELINE	TASK	TEAM
Following Receipt of Owner Request	Reviews owner's request using guidelines and form in HUD Handbook 4350.1 Rev 1, Chapter 34. Performs an analysis of previous special rental increases.	
Following Review of Request	Forwards owner request and recommendation to Hub/PC for review and approval.	Hub/PC
Following HUD Review of Request	Receives letter from Hub/PC notifying the CA of the approved/disapproved rental increase.	Owner Hub/PC Director or Designee
	If approved, write to owner and request that a rent schedule be completed and returned to CA. If not approved, sends letter to owner notifying owner of disapproval and the owner's option to appeal.	Owner
Upon Receipt of Owner's Signed Rent Schedule	Executes rent schedule and distributes copies to HUD and owner.	
	Updates ARAMS, TRACS and REMS.	

MULTIFAMILY HUB/PROGRAM CENTER (Hub/PC)

TIMELINE	TASK	TEAM
Following Receipt of Owner Request and CA Recommendation From CA	Approves or denies rental adjustment and notifies CA in writing.	Contract Administrator



2.1.12.3 *Current and Future State Special Adjustments Process Matrix*



2.1.12.3 Current and Future State Special Adjustments Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
1. Anytime an owner determines that a rent increase is needed at his/her property, the owner may submit a written requests for a rent increase to HUD. In the case of a request for a rental increase the owner must certify that: -taxes (or utility or insurance increases) have been reviewed, and, where appropriate, appealed. -if the appeal resulted in a refund, the owner will return the refund to HUD in a pre-determined manner. -if the appeal resulted in a lower assessment, the owner will reduce rents at the project commensurate with the reduced assessment. Certification can be found in 4350.1 Rev 1, Appendix 4.	Owner	Anytime the Owner Determines that a Rent Increase is Needed	1. If an owner determines that a rental increase is warranted, a written request is submitted to the CA. The owner must certify what the increase is needed for, i.e., property taxes, utilities or insurance increases and submit supporting documentation.	Owner	
2. Upon receipt of an owner's request for a rental increase, the HUD PM must review the owner request using guidelines and forms in HUD Handbook 4350.1 Rev 1. The HUD PM must also perform	HUD Hub/Field Office Project Manager	Upon receipt of owner request	2. Upon receipt of the request, the CA must review it in accordance guidelines and forms in HUD Handbook 4350.1 Rev 1, Chapter 34.	Contract Administrator	



HUD Project Based Section 8 HAP Contract Administration

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2.1.12.3 Current and Future State Special Adjustments Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
an analysis of previous special rental increases including all conditions of increase, as a part of this review.					
3. After reviewing the request, the HUD PM must write to the owner to notify her/him of HUD's decision to approve or disapprove the request for a rental increase.	HUD Hub/Field Office Project Manager	After Review of Request	3. After reviewing the request, the CA forwards it to the Hub/PC for review and approval. The Hub/PC notifies the CA of approval or disapproval.	Contract Administrator and Hub/PC Director or Designee	
4. If the request is approved, the HUD PM must write to owner and requests that a HUD 92458 (rent schedule) be completed and returned to HUD.	HUD Hub/Field Office Project Manager	After Approval/ Disapproval of Request	4. If approved, the CA notifies owner via letter and includes a Form HUD 92458 (rent schedule) for completion and signature. If it is disapproved, the CA writes to owner and notifies owner of the decision and the option to appeal.	Contract Administrator	
5. Upon receipt of the request for the rent schedule, the owner must sign and return Form 92458 or appeal the HUD PM's decision.	Owner	After Receipt of Hub/PC Letter	5. The owner returns Form 92458 or appeals the Hub/PC decision.	Contract Administrator	
6. Following the receipt of the signed copy of HUD 92458 from the owner, the HUD PM must make necessary enter into TRACS and REMS.	HUD Hub/Field Office Project Manager	Following receipt of signed copy of Form HUD 92458 from Owner.	6. CA executes the Form HUD 92458 and updates TRACS, ARAMS and REMS.	Contract Administrator	



2.1.12.3 Current and Future State Special Adjustments Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
7. The Owner may begin an appeal process, if his/her request for a rent increase is denied by HUD.	Owner	Following receipt of Hub/PC approval/disapproval letter.	7. The Owner may begin an appeal process, if the request for a rent increase is denied by CA.	Owner	



2.2 FINANCIAL MANAGEMENT



2.2 FINANCIAL MANAGEMENT

2.2.1 *BUDGET & REQUISITIONS*



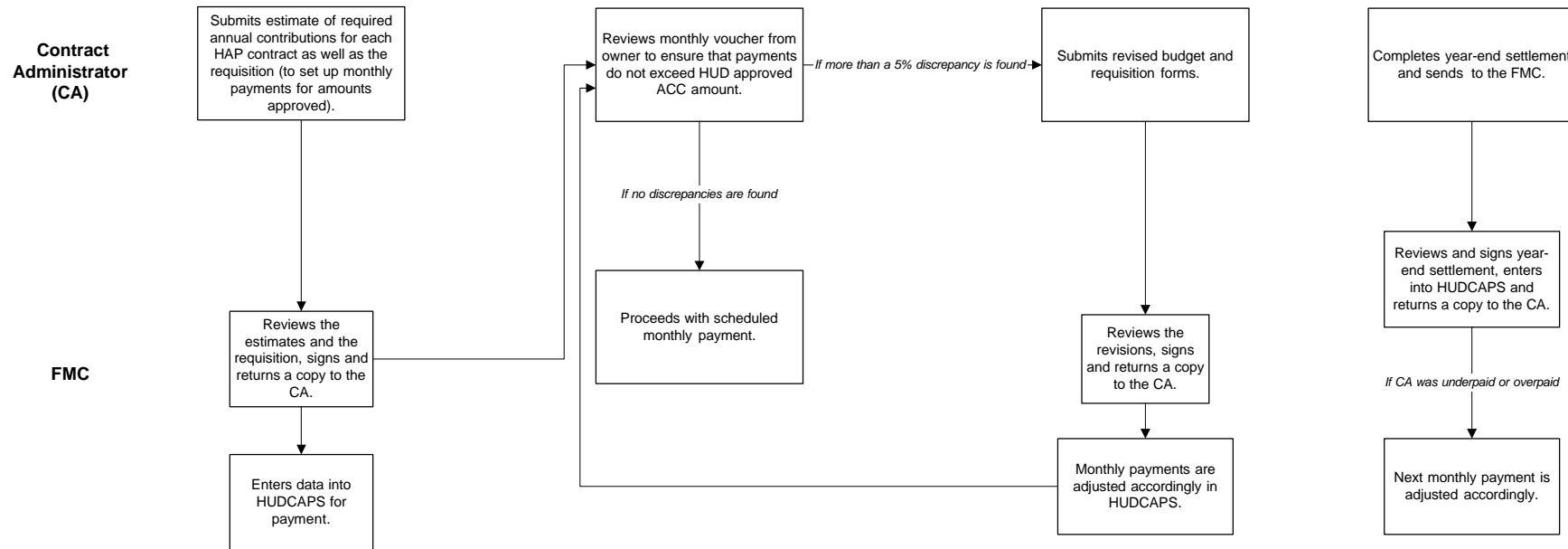
2.2.1.1 *Future State Budget & Requisitions Process Flow Chart*

2.2.1.1

HUD HAP Contract Financial Management: Budgets, Requisitions, Revisions and Year-End Statements Review Process

DRAFT 2-00

Initial Submission	Processing of Budgets, Requisitions, Revisions and Year-End Statements	Processing of Year-End Statements
90 Days Prior to the Beginning of the CA's Fiscal Year	Ongoing	Within 45 Days After CA's FYE



Lead
Responsibility
Documentation

Contract Administrator & FMC	Contract Administrator	Contract Administrator
<ul style="list-style-type: none"> Form HUD 52622 Form HUD 52673 Form HUD 52663 Form HUD 52681 Year-End Settlement Statement 	<ul style="list-style-type: none"> Form HUD 52663 	

Transition Issues
For Future State
Process



2.2.1.2 Future State Budget & Requisitions Task Matrix



2.2.1.2 Budgets, Requisitions, Revisions and Year-End Statements

Task Matrix

CONTRACT ADMINISTRATOR

TIMELINE	TASK	TEAM
90 Days Prior to the Beginning of the CA's Fiscal Year	Ninety (90) days prior to the beginning of the CA's fiscal year, the CA must submit to the FMC the Budget, HUD Forms 52622, 52673, and the Requisition HUD Form 52663, to estimate the dollar amount needed to pay the HAPC voucher.	FMC
Ongoing	Once both forms are submitted, FMC must review the estimates and the requisition. FMC approves and returns these documents to the CA.	
	If at any time the CA finds more than a 5% difference between payments from HUD and pay-out to owner, the CA must submit a revised Budget and Requisition HUD Form 52663 to FMC.	FMC
Within 45 Days after CA's FYE	CA completes form 52681 and sends an original and two copies of the form to FMC. The form identifies actual housing assistance payments to owners.	FMC

FMC

TIMELINE	TASK	TEAM
90 Days Prior to the Beginning of the CA's Fiscal Year	FMC reviews and approves the revised Budget and returns copy to the CA.	Contract Administrator
	Enters data into HUDCAPS for payment.	
Ongoing	Reviews the revised Forms HUD 52663, 52672, and 52673 if submitted by the CA.	
	Makes monthly ACC payments to the CA.	
Within 45 Days after CA's FYE	The CA must complete the Year-End Settlement and submit to the FMC.	Contract Administrator
	If the CA has received payments in excess of actual housing assistance payments, administrative fees and audit	Contract Administrator



2.2.1.2 Budgets, Requisitions, Revisions and Year-End Statements
Task Matrix

FMC		
TIMELINE	TASK	TEAM
	costs that were approved on the requisition will recover the over payment by offset against the next scheduled monthly partial payment. (In the future, there will not be an administrative fee.)	
	If the CA has received an underpayment or overpayment, an adjustment will be made to the next monthly voucher.	Contract Administrator



2.2.1.3 *Current and Future State Budget & Requisitions Process Matrix*



2.2.1.3 Current and Future State Budget & Requisitions Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
1. Ninety (90) days prior to the beginning of the PIH Contract Administrator's (PIH CA) fiscal year, the CA must prepare estimates of required annual contributions for each HAP to assure that project costs do not exceed the ACC (budget). This estimate is submitted to FMC on Forms 52672 and 53673.	PIH, CA	90 Days Prior to the Beginning of the CA's Fiscal Year	1. Ninety (90) days prior to the beginning of the Contract Administrator's (CA) fiscal year, the CA must submit to the FMC the Budget, HUD Forms 52622, 52673, and the Requisition HUD Form 52663, to estimate the dollar amount needed to pay the HAPC voucher..	Contract Administrator	
2. The requisition (Form 52663) is also submitted by the PIH CA at this time. The purpose of this is to setup monthly payments for the amounts approved on form 52673.	PIH, CA	90 Days Prior to the Beginning of the CA's Fiscal Year	2. Not Applicable		
3. Once both forms are submitted, FMC must review the estimates and the requisition. FMC signs and returns these documents to the CA. This must occur within 90 days to the beginning of the PIH CA's fiscal year. HUD REFERENCE MATERIALS: Form HUD 52622, 52673, 52663, Year-End Settlement Statement 52681	FMC	90 Days Prior to the Beginning of the CA's Fiscal Year	3. Once both forms are submitted, FMC must review the estimates and the requisition. FMC approves and returns these documents to the CA.	FMC	



2.2.1.3 Current and Future State Budget & Requisitions Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
HUD Handbook 7420.7					
4. On an ongoing basis, the CA tracks monthly payments to the owner to assure that payments do not exceed the HUD approved amount.	PIH, CA	Ongoing	4. Not Applicable		
5. If at any time the PIH CA finds more than a 5% difference between payments from HUD and pay-out to owner, the PIH CA must submit a revised form 52663 to FMC.	PIH, CA	Any time the CA finds more than a 5% difference between payments from HUD and pay-out to owner. Ongoing	5. If at any time the CA finds more than a 5% difference between payments from HUD and pay-out to owner, the CA must submit a revised Budget and Requisition 52663 to FMC.	Contract Administrator	
6. On an ongoing basis, FMC reviews the revised form 52663 and returns a copy of the approved form to the CA. HUD REFERENCE MATERIALS FOR STEPS 4-5: Form 52663 (Requisition for Partial Payment of Annual Contributions):	FMC	Ongoing	6. FMC reviews and approves the revised budget and returns a copy to the CA.	FMC	
7. Within 45 days after the PIH CA's fiscal year, the PIH CA must complete form 52681 and sends an original and two copies of the form to FMC. The form identifies actual housing assistance payments to owners.	PIH, CA	Within 45 Days after CA's FYE	7. Within 45 days after the CA's fiscal year, the CA must complete the Year-End Settlement and submit to the FMC.	Contract Administrator	



HUD Project Based Section 8 HAP Contract Administration

Processes & Procedures DRAFT

2.2.1.3 Current and Future State Budget & Requisitions Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
8. Within 45 days after the PIH CA's fiscal year, FMC must review form 52681 submitted by the CA.	FMC	Within 45 Days after CA's FYE	8. Within 45 days after the CA's fiscal year, FMC must review form HUD 52681 submitted by the CA.	FMC	
9. If the PIH CA has received payments in excess of actual housing assistance payments, administrative fees and audit costs that were approved on the requisition, the PIH CA will recover the over payment by offset against the next scheduled monthly partial payment.	PIH CA	Within 45 Days after CA's FYE	9. If the CA has received an underpayment or overpayment, an adjustment will be made to the next monthly voucher.	Contract Administrator	
10. If the PIH CA has been underpaid HUD will add the amount of underpayment to the next scheduled monthly partial payment. HUD REFERENCE MATERIALS: Form 52681 (Year-End Settlement Statement)	PIH CA	Within 45 Days after CA's FYE	10. Not Applicable		



2.2 FINANCIAL MANAGEMENT

2.2.2 *VOUCHER PROCESSING*

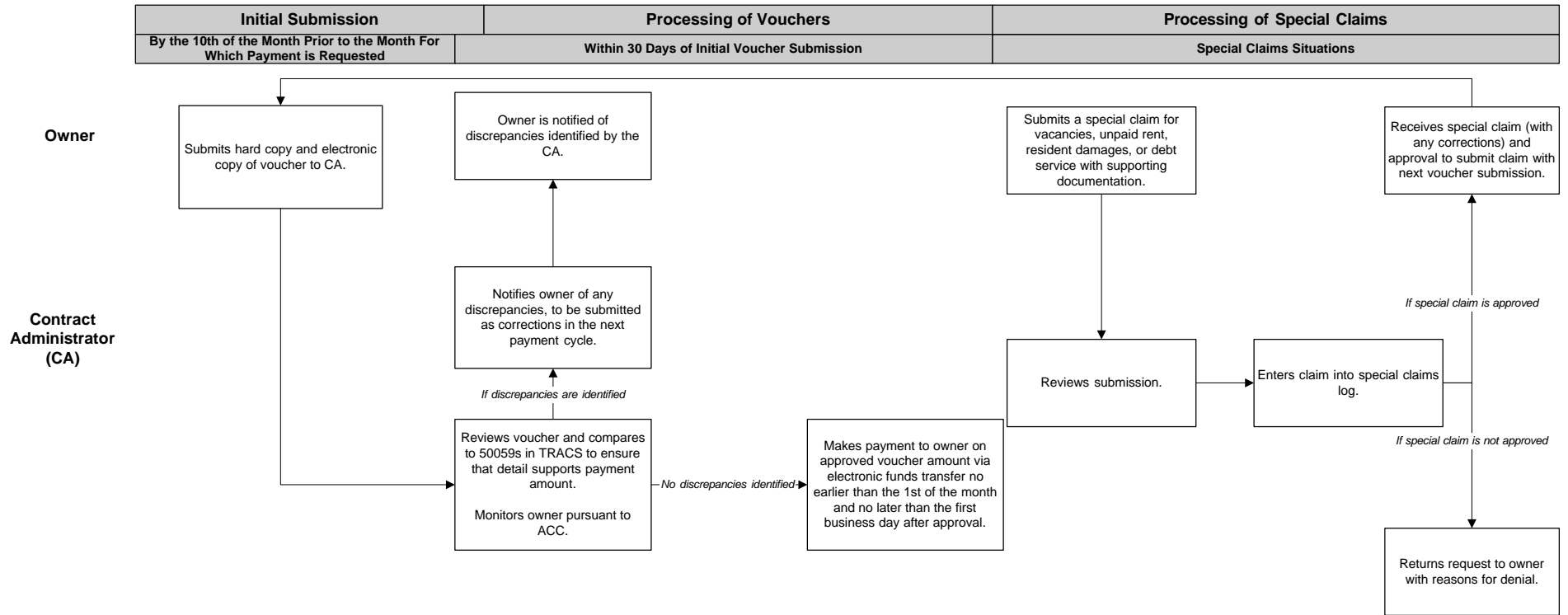


2.2.2.1 *Future State Voucher Processing Process Flow Chart*

2.2.2.1

HUD HAP Contract Financial Management: Voucher Processing

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Lead Responsibility

Documentation

- TRACS User Guide
- HUD Handbook 4350.3
- Form HUD 50059

Transition Issues For Future State Process

Contract Administrator	Contract Administrator
------------------------	------------------------

- Form HUD 52670a Part 2
- Form HUD 52671 A-D



2.2.2.2 *Future State Voucher Processing Task Matrix*



2.2.2.2

**Voucher Payment
Task Matrix**

OWNER

TIMELINE	TASK	TEAM
By the 10 th of the month prior to the month for which payment is requested	Submits hard copy of the voucher to the CA for review.	Contract Administrator
If a discrepancy is identified by the Contract Administrator during review	Reviews voucher for discrepancies and corrects if possible. Returns to CA for additional review.	Contract Administrator
Special Claims Situation	The owner may submit a special claim for vacancies, unpaid rent, tenant damages or debt service. Submits forms 52670a Part 2 and 52671 A-D.	Contract Administrator
	Receives special claim approval and submits with next monthly voucher for payment.	

CONTRACT ADMINISTRATOR (CA)

TIMELINE	TASK	TEAM
Upon receipt of voucher from owner	Reviews voucher and compares to 50059s in TRACS to ensure that the detail supports the payment amount.	
	Verifies the information in TRACS to ensure that it has been correctly updated.	
	Notifies owner of any discrepancies between vouchers and 50059 data and requests corrections.	Owner
	Reviews revised vouchers for accuracy. Monitors owner pursuant to ACC.	
Upon approval of voucher	Makes payment to owner on approved voucher amount.	
	Disperses payment through electronic funds transfer.	Owner
Owner request of special claim	Reviews special claim from owner.	
	Analyzes, verifies and approves/disapproves claims using information in handbooks, regulations, notices, TRACS and information provided by the owner.	
	Enters data into special claims log and numbers the approved voucher if applicable.	
	Sends notification of approval or disapproval to owner, including	Owner



2.2.2.2

**Voucher Payment
Task Matrix**

CONTRACT ADMINISTRATOR (CA)

TIMELINE	TASK	TEAM
	approved special claim if applicable.	



2.2.2.3 *Current and Future State Voucher Processing Process Matrix*



2.2.2.3 Current and Future State Voucher Processing Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
1. By the 10 th of the month, the owner must generate a voucher and submit it via Sprintmail to TRACS.	Owner	By the 10 th of the Month Prior to the Month for which Payment is Requested	1. Owner submits hard copy or electronic submission of the voucher to the CA.	Owner	
2. Upon receipt, TRACS will edit the submission for errors. If TRACS finds discrepancies of over a threshold percentage, the voucher is moved out of the system for manual review. HUD REFERENCE MATERIALS: TRACS User Guide Occupancy Requirements of Subsidized Multifamily Housing Programs	FMC	Within 30 Days of Initial Voucher Submission	2. CA reviews the voucher and compares it with the 50059s in TRACS to ensure that the detail supports the payment amount.	Contract Administrator	
3. If a discrepancy is found in TRACS, FMC conducts a manual review of the paper voucher to ensure that payment amount is supported by payment detail. The responsible party must take corrective action to remedy the error.	FMC/ Responsible Parties	If a Discrepancy is Identified in TRACS	3. Notifies owner of any discrepancies, to be corrected in the next payment cycle.	Owner and Contract Administrator	
4. Following the review, FMC can stop payment if necessary.	FMC	Following the Review	4. Not Applicable in Future State.		



2.2.2.3 Current and Future State Voucher Processing Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
5. If the review reveals no problems, TRACS passes data along to LOCCS, which then makes an electronic payment accordingly.	FMC	Following the Review	5. If there are no discrepancies, CA pays owner on approved voucher via electronic funds transfer no earlier than the first of the month and no later than the first business day after approval.	Contract Administrator	
6. The owner may submit a special claim for vacancies, unpaid rent, tenant damages or debt service. (Submits forms 52670a Part 2 and 52671 A-D.)	Owner	As owner deems necessary	6. The owner may submit a special claim for vacancies, unpaid rent, tenant damages or debt service. (Submits Forms HUD 52670a Part 2 and 52671 A-D.)	Owner	
7. FMC conducts the following upon receipt of a special claim from an owner: <ul style="list-style-type: none"> • Checks that the claim is not more than one year old. • Checks the math on the special claim. • Checks the owner's claim history. • Logs in the claim, number the voucher. • If approved, return to owner to be submitted in addition to next voucher. • Maintain special claims log. <p>HUD REFERENCE MATERIALS:</p>	FMC	After receipt of Special Claim from Owner	7. Upon receipt of a special claim, CA does the following: <ul style="list-style-type: none"> • Checks that the claim is not more than one year old. • Checks the amount of the special claim. • Checks the owner's claim history. • Logs in the claim, number the voucher. • If approved, approval is sent to owner for submission with the next voucher. • If disapproved, returns request to owner with reasons for denial. 	Contract Administrator	



2.2.2.3 Current and Future State Voucher Processing Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
52670a Part 2 and 52671 A-D.			<ul style="list-style-type: none">• Maintain special claims log.		



2.3 PROJECT SERVICING



2.3 PROJECT SERVICING

2.3.1 *MANAGEMENT REVIEWS*

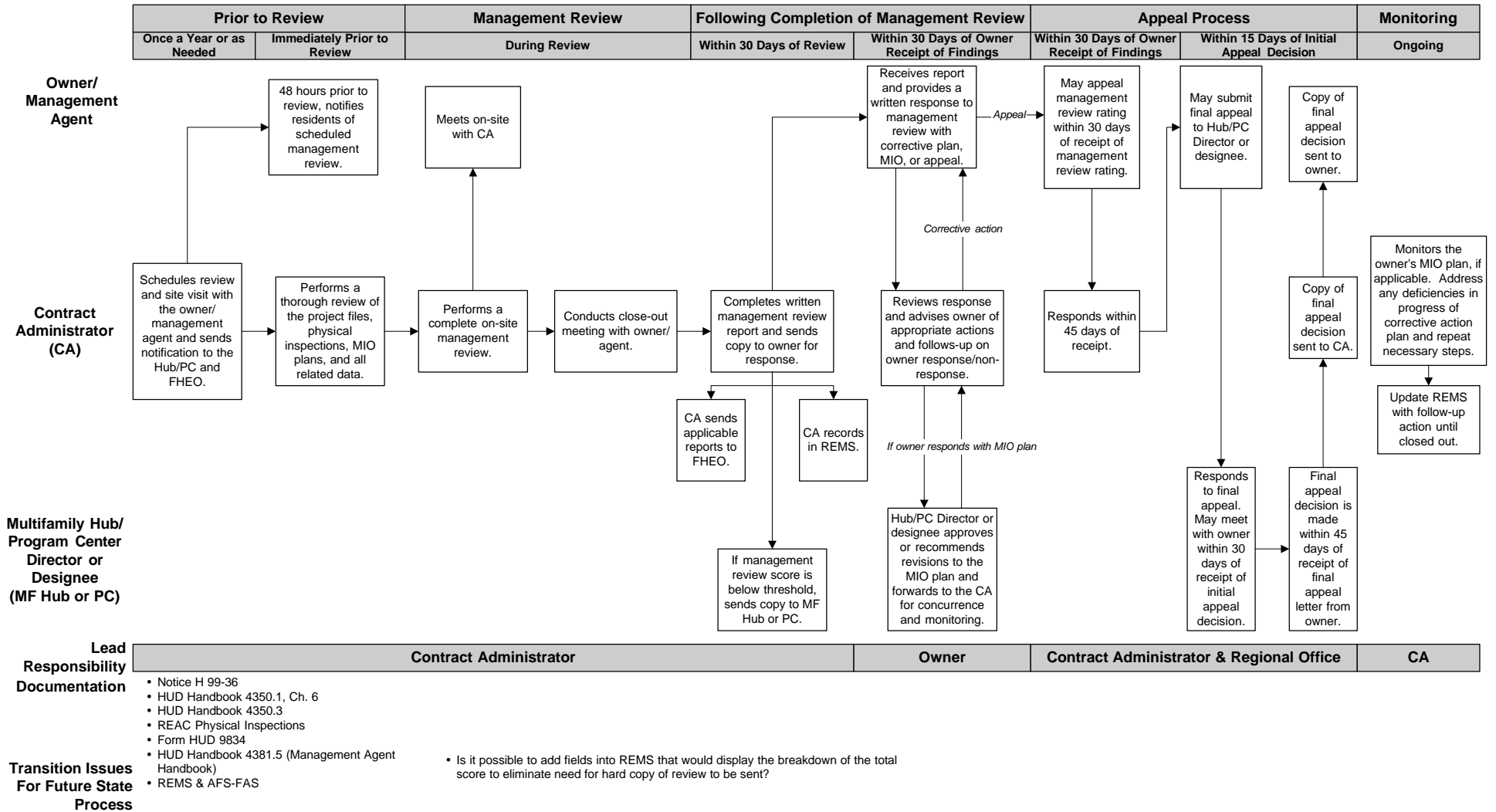


2.3.1.1 *Future State Management Reviews Process Flow Chart*

2.3.1.1

HUD HAP Contract Project Servicing: Management Review Process

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2.3.1.2 *Future State Management Reviews Task Matrix*



2.3.1.2

**Management Reviews
Task Matrix**

OWNER

TIMELINE	TASK	TEAM
48 Hours Prior to the Review	Provide residents with notification of the scheduled management review, both hand delivered and posted in prominent places.	
During Management Review	Meet with CA.	Contract Administrator
	Attends close-out meeting as conducted by CA.	Contract Administrator
Within 30 Days of Owner Receipt of Review Findings	Owner receives report and responds to review findings with either a corrective action plan or appeal, if applicable.	Contract Administrator
	The owner can appeal the management review rating.	Contract Administrator
Initial Appeal Process (Within 30 Days of Owner Receipt of Review Findings)	The initial appeal must be sent to the CA.	Contract Administrator
Final Appeal Process (Within 15 Days of Initial Appeal Decision Notification)	If the owner does not agree with the initial appeal decision a final appeal may be submitted to the Hub/PC Director or designee.	Hub/PC Director or Designee
	The owner may request a meeting with the Hub/PC Director or designee to be held within 30 days of receipt of initial appeal decision letter.	Hub/PC Director or Designee
	Receives final appeal decision letter.	Contract Administrator

CONTRACT ADMINISTRATOR (CA)

TIMELINE	TASK	TEAM
Once a Year or as Needed	Two weeks prior to management review, schedule the visit with the owner/management agent via telephone and letter.	Owner
	Send notification of scheduled management review to Multifamily Hub/PC and FHEO.	Hub/PC Director or Designee FHEO
Prior to the Review	Performs thorough desk review of the project file; resident letters; audited financial statements; occupancy files; TRACS/ARAMS inputs; REAC physical inspections in REMS; or most recent mortgage	



2.3.1.2

**Management Reviews
Task Matrix**

CONTRACT ADMINISTRATOR (CA)

TIMELINE	TASK	TEAM
	inspection. Also review the last management review, the MIO or corrective action plan (if applicable) and any subsequent responses.	
During Management Review	Perform complete management review using Form HUD 9834 (or suggested format) and additional documents as necessary.	
	Review occupancy files, look at waiting list, 50059s, owner/agent policies and procedures, maintenance and work order program, work under schedule and FHEO compliance.	
	Inspects conditions in the common areas, project exterior, grounds, office and vacant units if available.	
	Review replacement reserves and withdrawals for the project including recent capital expenditures. Verify the balance and deposits against the AFS and PI.	
	Review the last PI and or mortgage inspection to determine what has been identified as an area of concern at the project and if outstanding concerns have been addressed.	
	Conduct an extensive interview with the owner/agent and resident manager.	Owner/Management Agent
	Obtain written copies of project policies and procedures as carried out by the owner/agent.	Owner/Management Agent
	At the end of the review, conduct a close-out meeting with the owner/management agent.	Owner/Management Agent
Within 30 Days of the Review Completion	Within 30 days of review, complete a written report assessing a rating, identifying findings and citing violations and	



2.3.1.2

Management Reviews

Task Matrix

CONTRACT ADMINISTRATOR (CA)

TIMELINE	TASK	TEAM
	recommended corrective actions, as applicable.	
	Send a copy of the report to the owner for response.	Owner/Management Agent
	If management review score is below a defined threshold, send copy to Hub/PC.	Hub/PC Director or Designee
	Send applicable reports to FHEO.	FHEO
	Log into REMS.	
Within 30 Days of Owner Receipt of Findings	Reviews response and advises owner of appropriate actions and follow-up on owner response/non-response.	Owner/Management Agent
	If the CA has received no response after 30 days a follow-up letter should be written.	Owner/Management Agent
	If a corrective plan was completed, the CA is responsible for follow-up and closure.	Owner/Management Agent
	If a MIO plan was completed, the CA transmits the MIO plan to the Hub Director or designee for approval.	Hub/PC Director or Designee
Initial Appeal Process (Within 30 Days of Owner Receipt of Review Findings)	CA responds to initial appeal within 45 days of receipt.	Owner
Final Appeal Process (Within 15 Days of Initial Appeal Decision Notification)	Following owner appeal to Hub Director or designee, CA transmits HUD final appeal decision to owner.	Hub/PC Director or Designee Owner
Ongoing	Monitor the owner's MIO plan if applicable.	Owner
	As new deficiencies arise, repeat all necessary steps in the process.	



2.3.1.2

**Management Reviews
Task Matrix**

HUB/PROGRAM CENTER DIRECTOR OR DESIGNEE

TIMELINE	TASK	TEAM
Within 30 Days of Owner Receipt of Findings	Approves or disapproves MIO plan submitted by owner and transmitted by CA, as applicable.	Contract Administrator
Final Appeal Process (Within 15 Days of Initial Appeal Decision Notification)	Responds to final appeal. Performs analysis of owner appeal using information from CA.	Contract Administrator
	May meet with owner within 30 days of receipt of initial appeal decision.	Owner
	Final appeal decision is made and conveyed to CA within 45 days of receipt of final appeal letter from owner.	Owner Contract Administrator



2.3.1.3 *Current and Future State Management Reviews Process Matrix*



HUD Project Based Section 8 HAP Contract Administration

Processes & Procedures DRAFT

2.3.1.3 Current and Future State Management Reviews Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
1. On an as needed basis, but at least once per year the HUD PM must schedule a visit with the owner/management agent via telephone and letter.	HUD/Hub Field Office Project Manager	Two weeks prior to management review.	1. On an as needed basis, but at least once per year the CA must schedule a management review with the owner/management agent via telephone and letter and send notification to Hub/PC and FHEO.	Contract Administrator, MF Hub/PC, FHEO	
2. Prior to the management reviews, the HUD PM must thoroughly review the project file; resident letters; audited financial statements; occupancy files; TRACS inputs; REAC findings in REMS; and most recent mortgage inspection.	HUD/Hub Field Office Project Manager	Prior to Review	2. Prior to the management reviews, the CA completes a thorough desk review of the project file; tenant letters; audited financial statements; occupancy files; TRACS/ARAMS inputs; REAC physical inspections in REMS; and/or most recent mortgagee inspection.	Contract Administrator	
3. The HUD PM must also review the last management review, the MIO (if applicable) and any subsequent responses. This will enable the reviewer to more fully make a determination of the project status and current compliance with HAPC contractual and regulatory requirements.	HUD/Hub Field Office Project Manager	Prior to Review	3. The CA must also review the last management review, the MIO (if applicable) and any subsequent responses. This will enable the reviewer to more fully make a determination of the project status and current compliance with HAPC contractual and regulatory requirements.	Contract Administrator	
4. Forty-eight (48) hours prior to the management review, the	Owner/Manager	48 Hours Prior to Review	4. Forty-eight (48) hours prior to the management review, the	Owner/Resident Manager	



2.3.1.3 Current and Future State Management Reviews Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
owner will provide residents with notification of the management review, both hand delivered and posted in prominent places. HUD REFERENCES: HUD Handbook 4350.1, Chapter 6 HUD Handbook 4350.3 REAC Physical Inspections Form HUD 9834 HUD Handbook 4381.5 – Management Agent Handbook. REMS AFS-FAS			owner will provide residents with notification of the management review, both hand delivered and posted in prominent places		
5. During the management review process, the HUD PM must use Form 9834 or a similar format to record observations.	HUD/Hub Field Office Project Manager	During Review	5. During the management review process, the CA uses Form 9834 or the suggested format to record observations.	Contract Administrator	
6. The management review must include an examination by PM of occupancy files, waiting lists, 50059s, owner/agent policies and procedures, maintenance and work order program, work under schedule and FHEO compliance.	HUD/Hub Field Office Project Manager	During Review	6. The management review includes an examination by CA of occupancy files, waiting lists, 50059s, owner/agent policies and procedures, maintenance and work order program, work under schedule and FHEO compliance.	Contract Administrator	



2.3.1.3 Current and Future State Management Reviews Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
7. The HUD PM must examine conditions of common areas, project exterior, grounds, office and vacant units if available, during the management review.	HUD/Hub Field Office Project Manager	During Review	7. The CA inspects conditions in the common areas, project exterior, grounds, office and vacant units if available, during the management review.	Contract Administrator	
8. The HUD PM must review replacement reserves and withdrawals for the project including recent capital expenditures. The PM must also verify the balance and deposits against the AFS and PI.	HUD/Hub Field Office Project Manager	During Review	8. The CA must review replacement reserves and withdrawals for the project including recent capital expenditures. The CA also verifies the balance and deposits against the AFS and PI.	Contract Administrator	
9. The PM's management review must include a review of the last PI and or mortgage inspection to determine what has been identified as an area of concern at the project and to determine whether outstanding concerns have been addressed.	HUD/Hub Field Office Project Manager	During Review	9. The CA's management review includes a review of the last REAC physical inspection and/or mortgagee inspection to determine what has been identified as an area of concern at the project and to determine whether outstanding conditions have been addressed.	Contract Administrator	
10. The PM must conduct an extensive and detailed interview with the owner/agent and on-site manager during the management review.	HUD/Hub Field Office Project Manager	During Review	10. The CA conducts an extensive interview with the owner/agent and site manager during the management review.	Contract Administrator	



2.3.1.3 Current and Future State Management Reviews Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
11. As part of the management review, the PM must obtain written copies of project policies and procedures as carried out by the owner/agent.	HUD/Hub Field Office Project Manager	During Review	11. The CA obtains written copies of project policies and procedures as carried out by the owner/agent.	Contract Administrator	
12. Upon the completion of the review, the HUD PM must conduct a close-out meeting with the owner/management agent.	HUD/Hub Field Office Project Manager	At Completion of Review	12. Upon the completion of the review, the CA conducts a close-out meeting with the owner/ management agent.	Contract Administrator, Owner/Management Agent	
13. Within thirty (30) days of the review, the HUD PM must complete a written report assessing a rating, outlining findings and citing violations as well as corrective actions, as applicable. This report should outline specific areas reviewed and related conditions and findings. The report should note problems and suggest corrective actions.	HUD/Hub Field Office Project Manager	Within 30 days of management review completion	13. Within thirty (30) days of the review, the CA completes a written report assessing a rating, identifying findings and citing violations and corrective actions, as applicable. This report should outline specific areas reviewed and related conditions and findings. The report should note problems and suggest corrective actions.	Contract Administrator	
14. The HUD PM must send copies of the report to the owner within thirty (30) days of completion of the review.	HUD/HUB Field Office Project Manager	Within 30 days of management review completion	14. The CA sends copies of the report to the owner within thirty (30) days of completion of the review.	Contract Administrator	Is it possible to add fields into REMS that would display the breakdown of the total score to eliminate need for hard copy of review to be sent?



2.3.1.3 Current and Future State Management Reviews Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
15. Within thirty (30) days of the review, the HUD PM will send applicable forms to FHEO	HUD/Hub Field Office Project Manager	Within 30 days of management review completion	15. Within thirty (30) days of the review, the CA will send applicable reports to FHEO	Contract Administrator	
16. The HUD PM must enter a report into the management review detail screen and project action screen of REMS within thirty (30) days of the review.	HUD/Hub Field Office Project Manager	Within 30 days of management review completion	16. CA logs the Management Review into REMS within thirty (30) days of the review.	Contract Administrator	
17. Within thirty (30) days of the owner's receipt of the review, the HUD PM must advise the owner to develop a MIO plan as necessary.	HUD/Hub Field Office Project Manager	Within 30 days of owner receipt of findings	17. Within thirty (30) days of the owner's receipt of the review, the CA informs the owner of the findings and conditions identified as a result of the review, and advises the owner to submit a corrective action plan or MIO Plan, if applicable.	Contract Administrator	
18. The owner response, including an outline of what action has been taken or will be taken to correct the deficiency, must be received by the HUD PM within thirty (30) days of the owner's receipt of the review. (A corrective plan is recommended.).	Owner	Within 30 days of owner receipt of findings	18. The owner's response, including an outline of what action has been taken and will be taken to correct the deficiencies, must be received by the CA within thirty (30) days of the owner's receipt of the review. Specifically this will be in the form of a corrective action plan or MIO Plan if applicable. The CA must update REMS upon	Contract Administrator	



2.3.1.3 Current and Future State Management Reviews Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
			receipt.		
19. If the PM has received no response after 30 days a follow-up letter should be written to the owner.	HUD/Hub Field Office Project Manager	Within 30 days of owner receipt of findings	19. If the CA has not received a response after 30 days a follow-up letter is written to the owner.	Contract Administrator	
20. If a corrective plan was completed by the owner, the PM is responsible for follow-up and closure on this plan.	HUD/Hub Field Office Project Manager	After 30 days of owner receipt of findings	20. If a corrective action plan was completed by the owner, the CA is responsible for follow-up and closure on this plan. REMS must be updated.	Contract Administrator	
21. If the owner received a “below average” or “unsatisfactory” on any specific category or as an overall rating, the owner can appeal the management review rating. A factual basis for appeals must be included. The appeal must be postmarked within 30 days of the PM’s letter indicating results of the management review.	Owner	Appeal must be postmarked within 30 days of owner receipt of PM’s letter.	21. If the owner received a “below average” or “unsatisfactory” on any specific category or as an overall rating, the owner can appeal the management review rating. A factual basis for appeals must be included. The appeal must be postmarked within 30 days of the CA’s letter indicating results of the management review. See appeal process outlined in HUD Handbook 4350.1, REV 1.	Owner	
22. PM responds to owner initial appeal within 45 days of receipt..	HUD/Hub Field Office Project Manager	Within 45 days of receipt of appeal	22. CA responds to owner initial appeal within 45 days of receipt.	Contract Administrator	
23. If owner does not agree with initial appeal decisions, the owner may file a “Final	Owner	Must be postmarked within 15 days of initial	23. If owner disagrees with the initial appeal decisions, a “Final Appeal” may be filed	Owner	



2.3.1.3 Current and Future State Management Reviews Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
Appeal” with the director for the HUD Regional Office for Housing. The final appeal must be postmarked within 15 days of the PM’s letter indicating results of the initial appeal.		appeal decision	with the Hub/PC Director or designee. The final appeal must be postmarked within 15 days of the CA’s letter indicating results of the initial appeal.		
24. The owner may request a meeting with the director of the HUD Regional Office for Housing to be held within 30 days of receipt of the initial appeal decision letter	Owner	Meeting to be held within 30 days of receipt of initial appeal decision letter	24. The owner may request a meeting with the Hub/PC Director within 30 days of receipt of the initial appeal decision letter.	Owner, Hub/PC Director or Designee	
25. The owner must send a plan to the HUD Regional Office for Housing for corrective action, regardless of whether the owner wishes to appeal.	Owner	Within 30 days of owner receipt of findings	25. The owner must remit a corrective action plan to the Hub/PC, regardless of whether the owner wishes to appeal.	Owner, Hub/PC Director or Designee	
26. The HUD Regional Office Staff must obtain the pertinent, appeal-related information from the field office within 45 days of receipt of the final appeal letter from the owner.	Regional Office staff	Within 45 days of receipt of final appeal letter from owner.	26. The Hub/PC staff must obtain the pertinent, appeal-related information from the field office within 45 days of receipt of the final appeal letter from the owner.	Contract Administrator	
27. The HUD Regional Office Director makes the final appeal decision within 45 days of receipt of the final appeal letter from the owner.	Regional Director of Housing	Within 45 days of final appeal letter from owner.	27. The Hub/PC Director, or designee, makes the final appeal decision within 45 days of receipt of the final appeal letter from the owner.	Hub/PC Director or Designee	



2.3.1.3 Current and Future State Management Reviews Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
28. The Hub director must respond to the appeal within 45 days of receipt. The director may re-visit the property if he or she feels it is necessary	Hub Director	Within 45 days of receipt of appeal from owner.	28. The Hub/PC Director or designee must respond to the appeal within 45 days of receipt. The director may re-visit the property if necessary	Hub/PC Director or Designee	
29. The HUD PM must monitor the owner's MIO plan, if applicable	HUD/Hub Field Office Project Manager	Ongoing	29. The CA must monitor the owner's MIO plan/corrective action plan, and updates REMS, as applicable.	Contract Administrator	
30. The HUD PM must follow the procedure detailed above in steps 1-29 as new deficiencies arise at the property.	HUD/Hub Field Office Project Manager	Ongoing	30. The CA must follow the procedure detailed above in steps 1-29 as new deficiencies arise at the property.	Contract Administrator	



2.3 PROJECT SERVICING

2.3.2 *PHYSICAL INSPECTION FOLLOW UP*

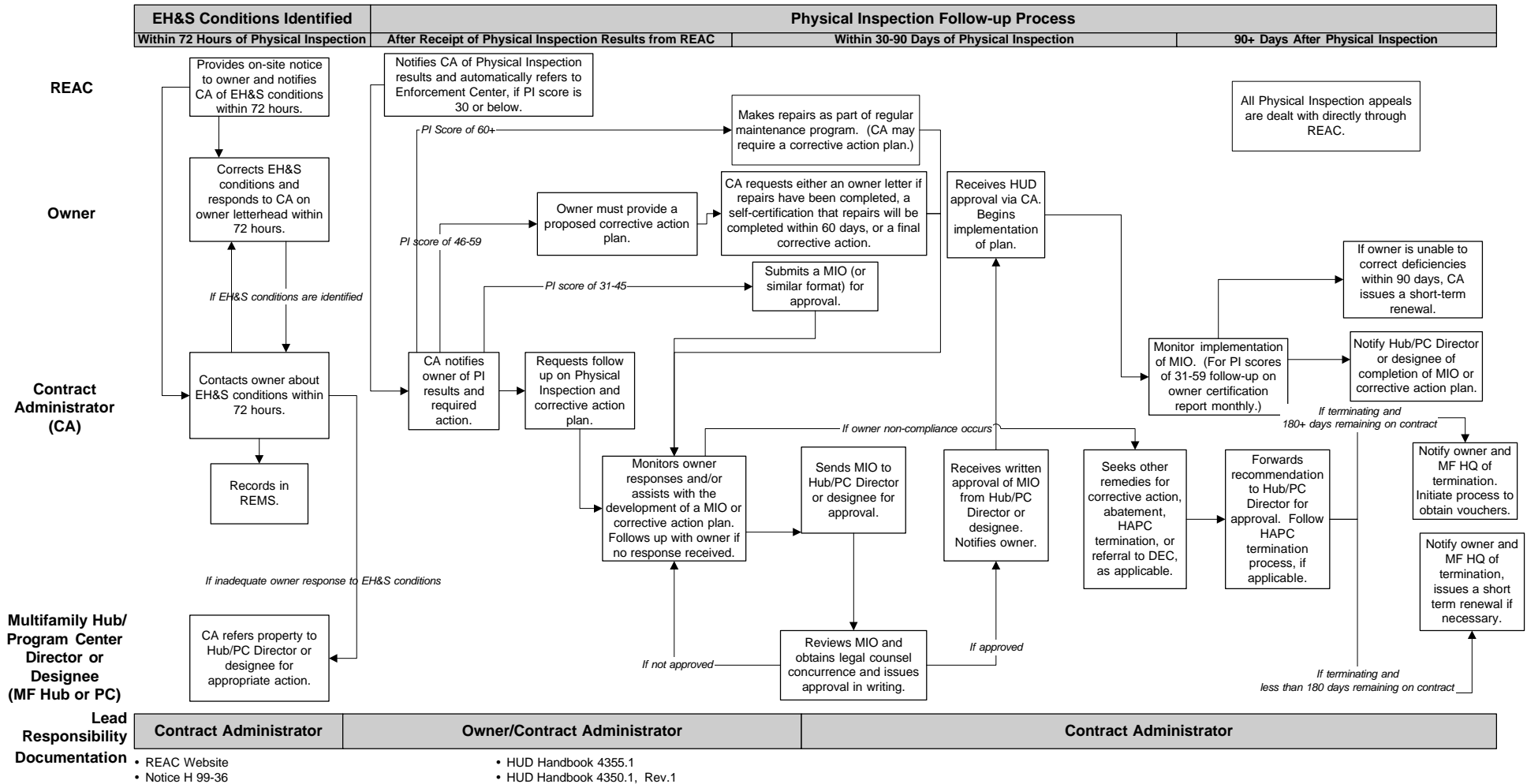


2.3.2.1 *Future State Physical Inspection Follow Up Process Flow Chart*

2.3.2.1

HUD HAP Contract Project Servicing: Physical Inspection Follow-Up Process

DRAFT 2-00





2.3.2.2 *Future State Physical Inspection Follow Up Task Matrix*



2.3.2.2

**Physical Inspection Follow-up
Task Matrix**

REAC

TIMELINE	TASK	TEAM
No Later Than 72 Hours After the Physical Inspection	Notifies CA of EH&S conditions via REMS or other appropriate processes.	Contract Administrator
As Soon as Physical Inspection Score is available	Notifies CA of Physical Inspection Score via REMS or other appropriate processes.	Contract Administrator
If Owner Appeals	Processes owner's request for a technical appeal relating to the physical inspection score and results.	Owner

OWNER

TIMELINE	TASK	TEAM
Notification Within 72 Hours When EH&S Conditions Are Identified EH&S Conditions and physical deficiencies may impact the decision on whether to renew a HAPC. See guidelines in Notice H 99-36, sections XIX and XX, if applicable.	Sends response on owner letterhead to CA regarding the EH&S conditions as required within 72 hours regardless of PI score. Letter must state EH&S conditions have been corrected.	Contract Administrator
1-30 days following the Physical Inspection in cases when the score is 30 or below.	REAC refers the project directly to the Department Enforcement Center (DEC).	Department Enforcement Center
1-30 days following the Physical Inspection and a score of 31-59 has been assigned. EH&S Conditions and physical deficiencies may impact the decision on whether to renew a HAPC. See guidelines in Notice H 99-36, sections XIX and XX, if applicable.	Projects with a REAC PI score of 31-59 are required to submit a management improvement operating (MIO) plan or similar format. Projects with a REAC PI score of 46-59 are required to submit a self-certification that repairs are completed or will be completed within 60 days or a final corrective action plan.	Contract Administrator
Within 30-90 Days of Physical Inspection, after MIO has been sent to Hub/PC Director or Designee for Approval.	If the plan is approved, owner begins implementation of the plan.	
	If the plan is not approved, modifies the plan and resubmits for approval.	Contract Administrator & Hub/PC Director or Designee
Projects with Scores of 60+	Owners are required to make	



2.3.2.2

**Physical Inspection Follow-up
Task Matrix**

OWNER

TIMELINE	TASK	TEAM
EH&S Conditions and physical deficiencies may impact the decision on whether to renew a HAPC. See guidelines in Notice H 99-36, sections XIX and XX, if applicable.	repairs as part of their ongoing maintenance plan. No plan is required unless specified by the Hub/PC.	
Appeals Process	Must submit a technical appeal or Housing Data Correction Process directly to REAC within 30 days of receipt of score.	REAC

CONTRACT ADMINISTRATOR

TIMELINE	TASK	TEAM
Within 72 Hours When EH&S Conditions Are Identified	Receives notice from REAC of EH&S conditions at a property.	REAC
	Contacts the owner about the EH&S conditions.	Owner
As Soon as Physical Inspection Score is available and in all cases if the PI score is below 60. EH&S Conditions and physical deficiencies may impact the decision on whether to renew a HAPC. See guidelines in Notice H 99-36, sections XIX and XX, if applicable.	Contacts owner to advise of the Physical Inspection score and that a written response on owner letterhead is required. Requests owner follow-up in accordance with the REAC score requirements, and, as necessary, requests a corrective action plan or MIO plan.	Owner
	Monitors owner responses and assists with the development of MIO plans.	Owner
Upon Completion and Submission of a MIO Plan	Sends the MIO plan to the Hub/PC Director for approval.	Hub/PC Director or Designee
If MIO is Approved by Hub Director or Designee	Notifies owner in writing of approval and begins monitoring of MIO plan implementation.	Owner
After all MIO Tasks have been Completed.	Notifies Hub/PC Director of completion of MIO tasks.	Hub/PC Director or Designee
If MIO is Not Approved by Hub Director or Designee	Notifies owner of disapproval and works with owner to revise the MIO plan.	Owner
Anytime The Owner Fails To Correct EH&S Conditions Or Physical Inspection Score	When an owner does not correct or mitigate EH&S conditions he is in regulatory or contractual	



2.3.2.2

**Physical Inspection Follow-up
Task Matrix**

CONTRACT ADMINISTRATOR

TIMELINE	TASK	TEAM
Results. EH&S Conditions And Physical Deficiencies May Impact The Decision On Whether To Renew A HAPC. See Guidelines In Notice H 99-36, Sections XIX And XX, If Applicable.	default. The CA may take steps to seek other remedies for corrective action, abatement of section 8 units, HAPC termination, or DEC referral may be considered. The HUB/PC Director must approve the action taken. If the project REAC PI has not been completed or the owner has not had sufficient time (90 days) to correct the deficiencies - the CA should renew the Section 8 HAPC.	
Scores Of 60 And Above And 59 And Below Where All EH&S Conditions Have Been Corrected	For scores of 60 & above and 59 & below where all EH&S conditions have been corrected - the CA may renew the Section 8 HAPC for one year. If the repair plan/correction plan continues into the term of the new contract the owner must execute the HAP addendum to the Section 8 HAPC.	
For Scores Of 59 And Below, Anytime The Owner Fails To Correct EH&S Conditions Or Physical Inspection Score Results And Owner Has Failed To Complete Repairs Or Provide An Acceptable Plan EH&S Conditions and physical deficiencies may impact the decision on whether to renew a HAPC. See guidelines in Notice H 99-36, sections XIX and XX, if applicable.	For scores of 59 and below with uncorrected EH&S conditions and owner has failed to complete repairs or provide an acceptable plan. The CA may take steps to seek other remedies for corrective action, abatement of section 8 units, HAPC termination, or DEC referral may be considered. The HUB/PC Director must approve the action taken. The CA should wait until a time that is very close to the expiration of the expiring contract before obtaining owner signature. Rents are renewed at current rents not to exceed 120% of fair market rents	
	If termination is recommended,	Hub/PC Director or Designee



2.3.2.2

**Physical Inspection Follow-up
Task Matrix**

CONTRACT ADMINISTRATOR

TIMELINE	TASK	TEAM
	contact the Hub/PC Director for approval.	
	Update REMS	

HUB/PC DIRECTOR OR DESIGNEE

TIMELINE	TASK	TEAM
Upon Receipt of a MIO Plan for Approval	Approves or disapproves MIO Plan. Notifies CA in writing.	Contract Administrator
Upon Receipt of Recommendation of Termination	Refers request to Multifamily Housing for concurrence and notifies CA of decision.	Contract Administrator



2.3.2.3 *Current and Future State Physical Inspection Follow Up Process
Matrix*



2.3.2.3 Current and Future State Physical Inspection Follow Up Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
<p>1. On the day of the inspection, the REAC inspector provides the owner with a citation identifying exigent health & safety (EH&S) conditions that require immediate repair. The owner is also alerted by phone and fax.</p> <p>HUD REFERENCE MATERIALS: REAC web site REAC physical inspection video 2/99 Instructions to the field offices dated 2/11/99 Instructions for field for REAC physical inspections dated 9/28/99 Process for raising issues related to the appeal of REAC physical inspections dated 9/28/99. The guidelines for HAPC renewals, in Notice H 99-36, sections XIX and XX.</p>	REAC Inspector	Day of Inspection	<p>1. On the day of the inspection, the REAC inspector provides the owner with a citation identifying exigent health & safety (EH&S) conditions that require immediate repair. The owner is also notified by the CA via phone and fax.</p>	REAC Inspector	
<p>2. The REAC PI inspector also notifies the local authorities, i.e. Fire department, county health, etc. if EH&S conditions are found immediately after the</p>	REAC Inspector	Immediately/No later than 72 hours after inspection	<p>2. The REAC PI inspector also notifies the local authorities, i.e. Fire department, county health, etc. if EH&S conditions are found immediately after the</p>	REAC Inspector	



2.3.2.3 Current and Future State Physical Inspection Follow Up Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
inspection.			inspection.		
3. Within 72 hours of the inspection, the HUD PM receives notification from the Hub/Field Office appointed party or through some other process, indicating that a REAC PI has been completed. If applicable, this notice will indicate that specific identified EH&S conditions are pending . The PI is ready to be viewed in the REMS physical condition screen by the HUD PM.	HUD Hub/Field Office Program Manager	Immediately/No later than 72 hours after inspection	3. Within 72 hours of the inspection, the CA receives notification from the Hub/Field Office appointed party or through some other process, indicating that a REAC PI has been completed. If applicable, this notice will indicate that specific identified EH&S conditions are pending. The PI can be viewed in the REMS physical condition screen (or through some other process).	Contract Administrator	
4. Immediately upon viewing the PI, the PM contacts the owner about EH&S conditions	HUD Hub/Field Office Program Manager	Immediately/No later than 72 hours after inspection	4. Immediately upon viewing the EH&S data, the CA contacts the owner about EH&S conditions.	Contract Administrator	
5. The HUD PM contact is established through preparation of a memo/letter sent via facsimile & mail to the owner notifying of the EH&S conditions.	HUD Hub/Field Office Project Manager	Immediately/No later than 72 hours after inspection	5. The CA initially contacts the owner via telephone, followed by a letter sent via facsimile & mail to the owner notifying of the EH&S conditions.	Contract Administrator	
6. After reading the REAC PI report, the PM opens an REMS action item on the project actions screen. The	HUD Hub/Field Office Project Manager	Immediately/No later than 72 hours after inspection	6. The CA logs the action taken in REMS after notifying the owner and reviewing the report. These steps must be	Contract Administrator	



2.3.2.3 Current and Future State Physical Inspection Follow Up Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
EH&S condition is selected and a secondary action is annotated for the PI on a separate actions screen. These steps must be taken no later than seventy-two (72) hours after the REAC PI.			taken immediately and updated regularly.		
7. Inspections with scores of 30 and under are automatically identified for referral to the department enforcement center (DEC) within thirty (30) days of the REAC PI.	HUD Hub/Field Office Project Manager	1-30 days following the REAC PI	7. Physical Inspections with scores of 30 and under are automatically referred to the Department Enforcement Center (DEC) by REAC within thirty (30) days of the inspection.	Contract Administration	
8. The Hub/Field Office is notified and must immediately prepare to send the requested project file to the DEC within thirty (30) days of the REAC PI.	HUD Hub/Field Office Project Manager	1-30 days following the REAC PI	8. The CA is notified and must immediately prepare to send the requested project file to the DEC within thirty (30) days of the REAC PI.	Contract Administration	
9. The owner has 30 days to respond to DEC on owner letterhead, indicating that cited conditions have been corrected, and that he or she has conducted a survey of the units not inspected. As an alternative, the owner may submit his or her MIO plan for HUD approval.	Owner	1-30 days following the REAC PI	9. Not Applicable	Owner	



2.3.2.3 Current and Future State Physical Inspection Follow Up Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
10. In all cases a letter from the HUD PM to the owner is required to notify him or her of corrective action required, and to request a written MIO plan on owner letterhead. (The plan is not necessary if all repairs are completed within 90 days of the REAC PI)	HUD Hub Project Manager	1-30 Days following the REAC PI	10. In all cases when PI score is below 60, the CA notifies the owner that he/she is required to submit a written response on owner letterhead including, as applicable, a proposed plan of action, a certification of work completed, a certification that all units not inspected have been surveyed, a corrective action plan or an MIO plan. (The plan is not necessary if all repairs are completed within 90 days of the REAC PI)	Contract Administrator	
11. If the owner does not respond to the PM letter, a follow up letter will be mailed to the owner.	HUD Hub Project Manager	31 + Days	11. If the owner does not respond to the CA letter, a follow up letter will be mailed to the owner.	Contract Administrator	
12. Projects with REAC PI scores of 31-45 are required to submit management improvement operating (MIO) plan or similar format to HUD within thirty (30) days of the REAC PI. Projects with a REAC PI score of 46-59 are required to submit either a self-certification that	Owner	1-30 days following the REAC PI	12. Projects with a REAC PI score of 31-45 are required to submit management improvement operating (MIO) plan or similar format to CA within thirty (30) days of the REAC PI. Projects with a REAC PI score of 46-59 are required to submit either a self-certification that	Owner	



2.3.2.3 Current and Future State Physical Inspection Follow Up Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
all repairs will be completed within 60 days or a final corrective plan. Projects with a REAC PI score of over 60 should make repairs as part of ongoing maintenance program.			all repairs will be completed within 60 days or a final corrective plan. Projects with a REAC PI score of 60 and over should make repairs as part of ongoing maintenance program and are not required to submit a corrective action plan unless requested by the HUB/PC.		
13. The MIO plan must be submitted to HUD for approval. The MIO requires a Hub/PC director signature and must be coordinated with legal counsel.	Hub/PC Director	30-90 Days Following Owner Notification of Score	13. CA will work with owner develop a MIO plan. The MIO plan must be submitted to the CA who will send to HUD for approval. The MIO requires a Hub/PC director signature and should be coordinated with legal counsel.	CA, Hub/PC Director or Designee	
14. Within thirty (30) days of the REAC PI, the PM prepares a letter to the owner indicating approval of the MIO plan if the plan is approved. If plan is not approved it is returned to the owner to be reworked. HUD REFERENCE MATERIALS: Handbook 4355.1 Rev 1	HUD Hub Project Manager	30-90 Days Following Owner Notification of Score	14. Within thirty (30) days of the REAC PI, the HUD Hub Director or Designee notifies the CA of the approval or disapproval of the MIO plan. If MIO plan not approved, begins MIO plan development process again.	CA, Hub/PC Director or designee	
15. When an owner does not	HUD/Hub Project	Anytime Owner	15. An owner's failure to correct	CA, Hub/PC	



2.3.2.3 Current and Future State Physical Inspection Follow Up Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
correct or mitigate EH&S conditions he or she is in regulatory or contractual default. The Hub/program center may terminate the contract or seek other remedies in this situation.	Manager	Fails to Correct EH&S or Fails to Address the PI Score Results (and/or w/HAPC pending) EH&S Conditions and physical deficiencies may impact the decision on whether to renew a HAPC. See guidelines in Notice H 99-36, sections XIX and XX, if applicable.	or mitigate EH&S and/or physical conditions as identified in the inspection results is considered regulatory or contractual default. Steps to seek other remedies for corrective action, see HUD Handbook 4350.1, Rev. 1, Chapter 6 for guidelines. Abatement of section 8 units, HAPC termination, or DEC referral may also be considered. The Hub/PC Director or Designee must approve the action taken, terminate the contract, or seek other remedies based on the recommendation from the CA.	Director or Designee	
16. If the owner has not had sufficient time (90 days) to correct the deficiencies - the PM should renew the Section 8 HAPC.	HUD/Hub Project Manager	Anytime Owner Fails to Correct EH&S or Fails to Address the PI Score Results (w/HAPC pending)	16. If the owner has not had sufficient time (90 days) to correct the deficiencies - the CA should renew the Section 8 HAPC.	Contract Administrator	
17. In cases when the owner fails to correct EH&S conditions or fails to address REAC PI score results, Section 8 abatement of individual units may be considered.	HUD/Hub Project Manager	Anytime Owner Fails to Correct EH&S or Fails to Address the PI Score Results (w/HAPC pending)	17. In cases when the owner fails to correct EH&S conditions or fails to address REAC PI score results. Section 8 abatement of individual units may be considered by the CA and the	Contract Administrator	



2.3.2.3 Current and Future State Physical Inspection Follow Up Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
			HUD Hub or Field Office.		
18. For 60 & above, 59 & below and all EH&S are corrected but MIO plan has not been submitted.. The PM may renew the S8 HAPC for one year	HUD/Hub Project Manager	Anytime Owner Fails to Address the PI Score Results (w/HAPC pending)	18. The CA may renew the S8 HAPC for one year for all projects with a score of 30 and above and all EH&S are corrected but MIO plan has not been submitted within 90 days.	Contract Administration	
19. If the repair plan/correction plan continues into the term of the new contract, the owner must execute the HAP addendum to the S8 HAPC	Owner	Anytime Owner Fails to Correct EH&S or Fails to Address the PI Score Results (w/HAPC pending)	19. If the repair plan/correction plan continues into the term of the new contract, the owner must execute the HAP addendum to the S8 HAPC.	Owner	
20. Anytime the owner fails to correct EH&S conditions or fails to address REAC PI score results, the PM should make every attempt to obtain compliance.	HUD/Hub Project Manager	Anytime Owner Fails to Correct EH&S or Fails to Address the PI Score Results (w/HAPC pending) EH&S Conditions and physical deficiencies may impact the decision on whether to renew a HAPC. See guidelines in Notice H 99-36, sections XIX and	20. Anytime the owner fails to correct EH&S conditions or fails to address REAC PI score results, the CA should make every attempt to obtain compliance.	Contract Administrator	



2.3.2.3 Current and Future State Physical Inspection Follow Up Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
		XX, if applicable.			
21. When an owner receives a score of 59 or below and fails to complete repairs or provide an acceptable plan - Section 8 units should be abated. The decision not to renew may be made by the Hub/PC director.	HUD/Hub Project Manager	Anytime Owner Fails to Correct EH&S or Fails to Address the PI Score Results (w/HAPC pending) EH&S Conditions and physical deficiencies may impact the decision on whether to renew a HAPC. See guidelines in Notice H 99-36, sections XIX and XX, if applicable.	21. When an owner receives a score of 59 or below and fails to complete repairs or provide an acceptable plan - Section 8 units should be abated. The decision not to renew will be made by the Hub/PC director.	Contract Administrator	
22. The PM should wait until there are at least 30 days remaining before obtaining owner signature on the HAPC. Rents are renewed at current rents not to exceed 120% of fair market rents.	HUD/Hub Project Manager	Anytime Owner Fails to Correct EH&S or Fails to Address the PI Score Results (w/HAPC pending).	22. The CA should wait until close to the time of the expiration of the existing contract before obtaining owner signature on the HAPC. Rents are renewed at current rents not to exceed 120% of fair market rents.	Contract Administrator	
23. If the decision to terminate is made by HUD, termination procedures should be followed.	HUD/Hub Project Manager	Anytime Owner Fails to Correct EH&S or Fails to Address the PI	23. If the decision to terminate is made by HUD, termination procedures should be followed.	Hub/PC Project Manager	



2.3.2.3 Current and Future State Physical Inspection Follow Up Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
		Score Results (w/HAPC pending) EH&S Conditions and physical deficiencies may impact the decision on whether to renew a HAPC. See guidelines in Notice H 99-36, sections XIX and XX, if applicable.			
24. Anytime the owner fails to correct EH&S conditions or fails to address REAC PI score results, and action is taken against the owner, the PM must update REMS. HUD REFERENCE MATERIALS: Chapter 6 of HUD Handbook 4350.1, REV-1	HUD/Hub Project Manager	Anytime Owner Fails to Correct EH&S or Fails to Address the PI Score Results (w/HAPC pending) EH&S Conditions and physical deficiencies may impact the decision on whether to renew a HAPC. See guidelines in Notice H 99-36, sections XIX and XX, if applicable.	24. Anytime the owner fails to correct EH&S conditions or fails to address REAC PI score results, and action is taken against the owner, the CA must update REMS.	Hub/PC Project Manager	



2.3.2.3 Current and Future State Physical Inspection Follow Up Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
25. Project Manager monitors implementation of MIO.	Project Manager, Owner	Ongoing	25. CA monitors implementation of MIO. For scores of 31-59, CA follows up on owner certification report monthly.	CA, Owner	



2.3 PROJECT SERVICING

2.3.3 *RESIDENT & COMMUNITY INQUIRIES*

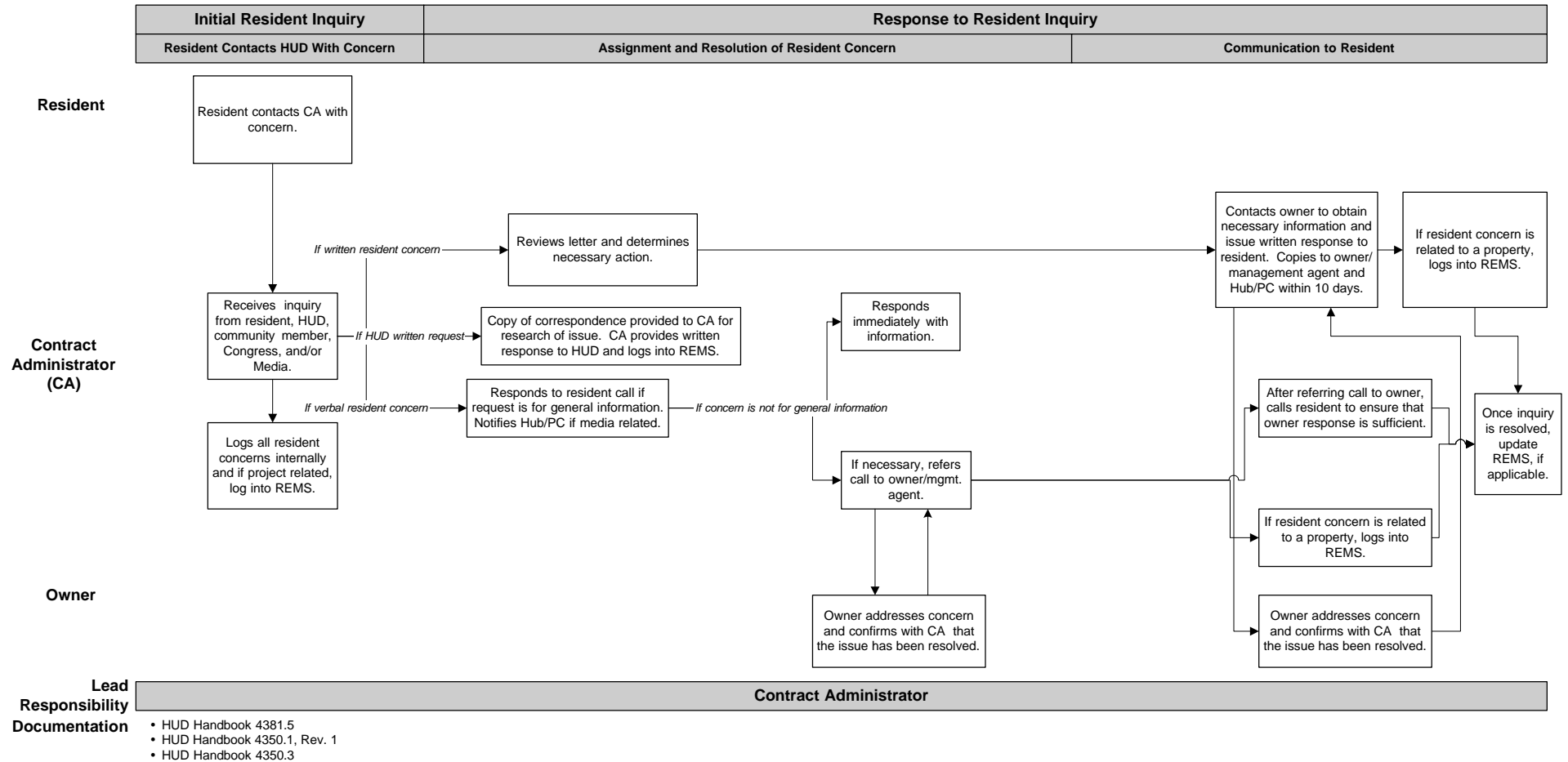


2.3.3.1 *Future State Resident & Community Inquiries Process Flow Chart*

2.3.3.1

HUD HAP Contract Project Servicing: Resident & Community Inquiries Response Process

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2.3.3.2 *Future State Resident & Community Inquiries Task Matrix*



**2.3.3.2 Resident & Community Inquiries Response Process
Task Matrix**

RESIDENT

TIMELINE	TASK	TEAM
Anytime	Resident contacts CA with a concern and if project related, log into REMS.	Contract Administrator

OWNER

TIMELINE	TASK	TEAM
CA refers a concern to the owner	After the CA refers the inquiry to the owner, the owner addresses the concern and then contacts the CA to confirm that the issue has been resolved.	Contract Administrator

CONTRACT ADMINISTRATOR (CA)

TIMELINE	TASK	TEAM
Resident contacts CA with a concern.	Log all resident concerns using defined tracking system.	
	If the request is for general information, respond immediately.	
	If the CA is unable to respond immediately to the resident, the caller's name and number should be taken and the caller should be assured that the call will be returned before the end of the day.	
Response to Resident Call	If necessary, refer the inquiry to the owner/management agent and request that someone deal with the matter.	
	If media related, notify Hub/PC.	
	CA confirms with owner that the issue has been addressed and resolved.	
	After referring call to owner, call resident to ensure that owner response is sufficient.	
	CA logs into REMS once resolved.	
Response to Resident Letter	Receive letter and determine necessary action.	
	If possible, obtain necessary information from the owner by phone. At that point, if the issue can be resolved, the CA prepares	



**2.3.3.2 Resident & Community Inquiries Response Process
Task Matrix**

CONTRACT ADMINISTRATOR (CA)

TIMELINE	TASK	TEAM
	a written response to the resident.	
	If no verbal response from the owner is possible, forward the letter to the owner requesting a written response within an established time period. Upon receipt of information, prepare a written response to resident.	
	CA logs concern into REMS once resolved.	



2.3.3.3 *Current and Future State Resident & Community Inquiries Process
Matrix*



2.3.3.3 Current and Future State Resident & Community Inquiries Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
<i>If Verbal Resident/Community Concern</i>					
1. Resident makes call outlining concern. If it is request for general information: If a resident or community makes a request for general information, the HUD PM must respond immediately.	Resident and HUD/Hub Field Office Project Manager	Immediately following request (within 24 hours of request)	1. Resident/community contact makes call outlining concern. If request is for general information, CA responds within 24 hours. CA logs request for information into internal tracking system, and, if project related, log into REMS.	Resident and Contract Administrator	
2. If the HUD PM is unable to respond immediately to the resident, the caller's name and number should be taken and the caller should be assured that the call will be returned before the end of the day.	HUD/Hub Field Office Project Manager	During call with residents and/or community member	2. If the CA is unable to respond immediately to the resident, the caller's name and number should be taken and the caller should be assured that the call will be returned before the end of the day.	Contract Administrator	
3. If a HUD PM cannot respond immediately to a call for general information, the HUD PM must refer the call to the owner/management agent and request that someone respond to resident request.	HUD/Hub Field Office Program Manager	Immediately following calls with residents and/or community residents	3. If a CA cannot respond sufficiently to the request or if the request is for more than general information, the CA must refer the call to the owner/management agent for response.	Contract Administrator	
4. After referring the call to the owner, the HUD PM must call the resident to ensure that owner response is sufficient.	HUD/Hub Field Office Program Manager	Immediately following calls with owners	4. After referring the call to the owner, the CA must call the resident to ensure that owner response is sufficient.	Contract Administrator	



2.3.3.3 Current and Future State Resident & Community Inquiries Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
5. If an inquiry is a resident concern regarding the property, the HUD PM must enter this information into REMS.	HUD/Hub Field Office Program Manager	Immediately following calls with residents and/or community residents.	5. CA logs into REMS once resolved.	Contract Administrator	
<i>If Written Resident Concern</i>					
1. Residents writes letter outlining a concern. Once a letter is received from a resident, it is assigned to a HUD PM.	Resident/PM	Within 24 hours of receipt of letter	6. Resident writes letter outlining a concern. Once a letter is received from a resident, CA determines necessary action.	Resident/Contract Administrator	
2. PM contacts owner to obtain necessary information.	HUD/Hub Field Office Program Manager	Immediately after receipt of letter	7. CA contacts owner to obtain necessary information.	Contract Administrator	
3. If the issue can be resolved based upon information obtained from owner, the HUD PM will prepares a written response to the resident.	HUD/Hub Field Office Program Manager	Immediately following determination that issue can be resolved	8. If the issue can be resolved based upon information obtained from owner, the CA will prepare a written response to the resident (with a copy sent to the owner/management agent).	Contract Administrator and Owner	
4. If no verbal response from the owner is possible, the HUD PM will forward the letter to the owner requesting a written response within an established time period.	HUD/Hub Field Office Program Manager	After attempt to contact owner by phone	9. If verbal response from the owner does not resolve issue, CA will forward the letter to the owner requesting a written response within an established time period.	Contract Administrator	
5. Upon receipt of information from the owner, the HUD PM	HUD/Hub Field Office Program	Within 24 hours of receipt of letter	10. Upon receipt of information from the owner, the CA	Contract Administrator	



2.3.3.3 Current and Future State Resident & Community Inquiries Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
prepares a written response to the resident.	Manager	from owner	prepares a written response to the resident (with a copy sent to the owner/management agent).		
6. If an inquiry is a resident concern regarding the property, the HUD PM must enter this information into REMS.	HUD/Hub Field Office Program Manager	Immediately following calls with residents and/or community residents.	11. CA logs into REMS once resolved.	Contract Administrator	
7. HUD has 20 working days to respond to a FOIA request. Please note: this was previously a 10-day turnaround requirement, and much of public still believes this to be the case. Response time may be extended under special circumstances.	HUD/Hub Field Office Program Manager	Within twenty (20) working days from receipt of FOIA request	12. HUD will continue to handle FOIA requests. Under the new guidelines, HUD has 20 working days to respond to a FOIA request. Response time may be extended under special circumstances. CA provides support to HUD.	HUD Hub/PC Program Manager	
8. If the HUD PM receives a request for information from a Congressional office, the PM must respond in writing within 10 days and if necessary, refer the inquiry onto other related parties.	HUD/Hub Field Office Project Manager	Within ten (10) days of receipt of Congressional inquiry	13. RECOMMENDATIONS: Congressional Inquiry: If inquiry is received by Hub/PC, a copy of the inquiry will be provided to the CA, PM logs into REMS.* The Hub/PC PM writes an interim	Hub/PC, CA	



2.3.3.3 Current and Future State Resident & Community Inquiries Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
			<p>letter to the congressional office with a general response timeframe of two weeks and provides copy to the CA.*</p> <p>The CA gathers all pertinent data and contacts the owner, management agent, resident, or other party as necessary. CA is to prepare a written response and forward to Hub/PC PM. The PM prepares the written response within 10 days to the congressional office, copy to the CA.*</p> <p>*HUD related.</p> <p>If CA receives the inquiry: CA responds directly, provides a copy to Hub/PC, and logs into REMS.</p> <p>Media Inquiries:</p> <p>CA notifies Hub/PC PM of inquiry. HUD PM coordinates inquiries to the HUD Public Affairs Officer or designee.</p>		



2.3.3.3 Current and Future State Resident & Community Inquiries Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
			CA logs into REMS. The CA immediately researches the matter and responds to the Hub/PC PM within the same business day. As requested, the CA contacts the owner/management agent, or resident, if property related to ascertain the facts and gather pertinent information. The CA must follow up to resolve the issue, either a combination of telephone calls, letters, or visits to the property, if applicable. CA follows up until matter is fully resolved and updates REMS.		



2.3 PROJECT SERVICING

2.3.4 *TENANT INCOME VERIFICATION PROCESS*



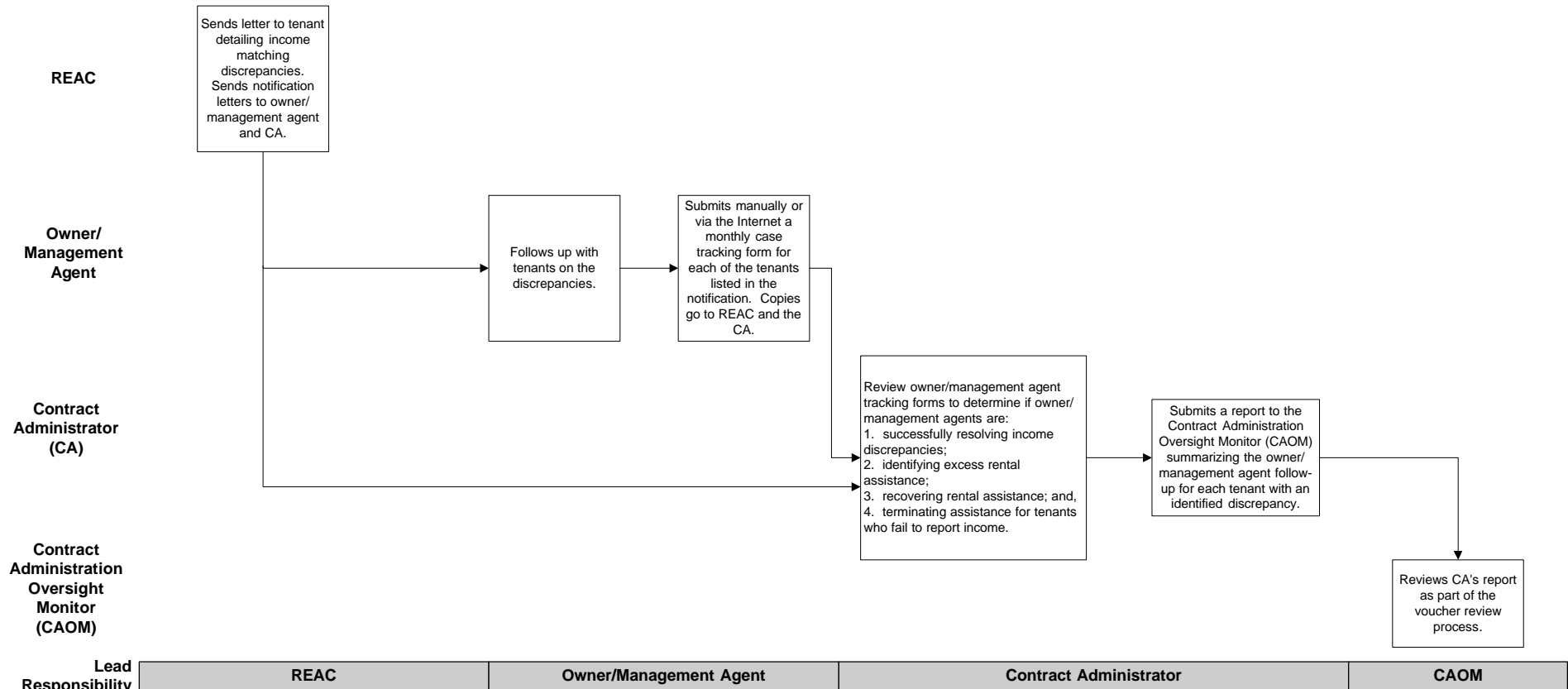
2.3.4.1 *Future State Tenant Income Verification Process Flow Chart*

2.3.4.1

HUD HAP Contract Project Servicing: Tenant Income Verification Process

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Notice of Identification of Discrepancy	Follow-up Process
Upon Identification of Tenant Income Discrepancy	Beginning One Month After Notification of Discrepancy



Transition Issues • How will REAC know who the CA is? Will the CA information be inputted into REMS?



2.3.4.2 *Future State Tenant Income Verification Task Matrix*



2.3.4.2

Tenant Income Verification Process

Task Matrix

REAC

TIMELINE	TASK	TEAM
Upon Identification of Income Discrepancy.	Sends letter to tenant detailing income matching discrepancies. Sends notification letters to owner/management agent and CA.	Owner/Management Agent, Contract Administrator, Residents

OWNER/MANAGEMENT AGENT

TIMELINE	TASK	TEAM
Upon Receipt of REAC Letter	Follows up with tenants on the discrepancies.	Tenants
Once a Month	Submits manually or via the Internet a monthly case tracking form for each of the tenants listed in the notification. Copies go to REAC and the CA.	REAC, Contract Administrator

CONTRACT ADMINISTRATOR (CA)

TIMELINE	TASK	TEAM
Once a Month, Upon Receipt of Owner/Management Agent Reports	Review owner/management agent tracking forms to determine if owner/management agents are: 1. successfully resolving income discrepancies; 2. Identifying excess rental assistance; 3. recovering rental assistance; 4. terminating assistance for tenants who fail to report income.	
Once a Month	Submits a report to the HUD summarizing the owner/management agent follow-up for each tenant with an identified discrepancy.	HUD



2.3.4.3 *Current and Future State Tenant Income Verification Process Matrix*



2.3.4.3 Current and Future State Tenant Income Verification Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
Current State Not Available		Upon Identification of Tenant Income Discrepancy	1. REAC sends letter to tenant detailing income matching discrepancies.	Contract Administrator	How will REAC know who the assigned CA is? Will the CA information be inputted into REMS?
		Upon Identification of Tenant Income Discrepancy	2. REAC sends letter to owner/management agent and CA detailing income matching discrepancies.	Contract Administrator	
		Beginning One Month After Notification of Discrepancy	3. Owner/management agent follows up with tenants on discrepancies	Owner/Management Agent	
		Beginning One Month After Notification of Discrepancy	4. Owner manually or electronically submits a monthly case tracking form for each of the tenants listed in the notification. Copies are sent to REAC and the CA.	Owner	
		Beginning One Month After Notification of Discrepancy	5. CA reviews owner/management agent tracking forms to determine if owner/management agents are: a) successfully resolving income discrepancies; b) identifying excess rental	Contract Administrator	



2.3.4.3 Current and Future State Tenant Income Verification Process Matrix

Current State Activity	Current State Participants	Timing	Future State Activity	Future State Participants	Transition Issues
			assistance; c) recovering rental assistance; d) terminating assistance for tenants who fail to report income.		
		Beginning One Month After Notification of Discrepancy	6. CA submits a report to HUD summarizing the owner/management agent follow-up for each tenant with an identified discrepancy.	Contract Administrator	
		Beginning One Month After Notification of Discrepancy	7. HUD reviews CA's report as part of the voucher review process.	HUD	